

# INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2009

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## HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED TENTH CONGRESS SECOND SESSION

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**DEPARTMENT OF THE INTERIOR AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
2009**

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TUESDAY, FEBRUARY 26, 2008.

**ENVIRONMENTAL PROTECTION AGENCY**

**WITNESSES**

**STEPHEN L. JOHNSON, ADMINISTRATOR**  
**MARCUS C. PEACOCK, DEPUTY ADMINISTRATOR**  
**BENJAMIN H. GRUMBLES, ASSISTANT ADMINISTRATOR, OFFICE OF  
WATER**

**OPENING STATEMENT OF CHAIRMAN DICKS**

Mr. DICKS. The Committee will come to order.

Mr. Johnson, on behalf of the Committee, I want to welcome you this afternoon and thank you for accommodating the change in the hearing time.

Today we will discuss the fiscal year 2009 budget proposal for the U.S. Environmental Protection Agency. But before we begin our review of the fiscal year 2009 request, I want to make a quick comment on the fiscal year 2008 budget. I regret in the end we were unable to sustain some of the more important increases passed by the House in its version of the Interior and Environment bill. In particular, I would like larger amounts for climate change programs and the Clean Water State Revolving Fund but the difficult constraints imposed by the Administration and its inflexible budget policies make it impossible to do so.

Turning to fiscal year 2009, I have to say I am dismayed by the requests for the EPA. If we were to enact this budget, it would be the lowest EPA budget in a decade. Allowing for inflation, your budget is 27 percent below the 2001 enacted level. The budget will support approximately 16,311 FTEs. That is almost 1,000 fewer FTEs than you had in 2003. One has to wonder how the work is getting done with reductions in staff of that magnitude, and this budget does nothing to reverse the trend.

The single largest reduction is the Clean Water State Revolving Fund. Your request is 48 percent below the level we provided in fiscal year 2007. Over the course of the last eight years the President has proposed almost \$3 billion in cuts from the prior year appropriations. That is enough to have provided loans to 1,000 American communities. As you know, one of our adopted sons in Washington State, our friend Bill Ruckleshaus, had your job. He tells me that in the late 1970s the average annual federal appropriation for grants to build wastewater treatment plants was \$3.5 billion. The

federal share of those projects was 75 percent. Today you propose one-half of \$1 billion for loans. We have to figure out a way to help meet the needs of our communities because many of them are caught in a catch-22 of having to meet federal clean water standards without the resources to do the work.

Your budget also severely reduces or eliminates almost every environmental initiative we funded in fiscal year 2008. The Subcommittee has a number of concerns with the request including a 31 percent reduction to programs to restore and protect the great water bodies of this country, a \$22 million reduction to important climate change programs, a \$67 million reduction to grants for States, a one-third cut to the Leaking Underground Storage Tank program, 42 FTEs reduced from your enforcement effort, elimination of the environmental education and rural water assistance programs, even a small cut to remediation at Superfund sites. It seems as though the only significant increases in your request are for homeland security and fixed costs, and we certainly understand the need for adjustment for fixed costs.

Let me also mention that I am excited about the 2008 increases we approved for many of the great water bodies in this country. We funded the programs you requested for many of the important water bodies like the Chesapeake Bay, the Great Lakes and the Gulf of Mexico. In addition, we approved increases for the Puget Sound program. It is the second largest estuary in the country and it is time we paid attention to its restoration and protection. I know that the Administrator has been out there and knows well what the problem is. I think we have a real opportunity here to do something historic and I look forward to working with you, Ben Grumbles, your region 10 staff and the Puget Sound partnership to ensure that we implement a sound program.

I understand that tomorrow you and your staff will meet with the National Rural Water Association. Thank you for convening this meeting, which was something I suggested to Ben Grumbles late last year. NRWA does good work for our rural communities, many of whom are struggling to come into compliance with the drinking water regulations. I think the next step will be to include base funding for this important work in your request so this will not have to be an earmark, which the Administration has already said that they are not in favor of, and that we have to reduce them by 50 percent if we are going to get a bill signed. But this meeting is a good start and we applaud it.

Mr. Johnson, today's session will give us a chance to hear your testimony, your side of the case, and also give you a chance to hear the concerns of the Subcommittee members. But I must say, I am worried about this because your predecessor laid out to us a long list of water projects that need to be done, some \$388 billion in backlog. We are talking about backlogs in roads and bridges in this country but wastewater facilities all over the country are dated and need to be replaced and so we are concerned about this. As we see your budget being cut, cut, cut, we are just worried about your ability to respond to these important national priorities.

Mr. DICKS. So now I will turn this over to Mr. Tiahrt for his statement and then we will hear from the Administrator.



## OPENING STATEMENT OF MR. TIAHRT

Mr. TIAHRT. Thank you, Mr. Chairman.

Welcome, Mr. Johnson and Mr. Peacock. I appreciate you coming. Steve, I want you to know things are going well in Coffeyville, Kansas. Thank you for coming to visit that site. We had a terrible flood there and an oil spill when the floodwaters got into an oil refinery and they were unable to get the right valve turned off and we spilled I think about 80,000 gallons of crude oil into the water system. The cleanup is going very well. In fact, it is pretty well all done. The houses that were involved, there were about 300, 280 have been taken down and they are putting a green area in there. Of the 20 that are left, they are all asbestos related. And I was just down there last week and they are covered with plastic and they are doing it properly, so your folks did a great job in Coffeyville and I want to thank you for that because it really helped that community get back on their feet in a safe way.

As we all know, this is the beginning of the budget process, and while we want to hear about your priorities, we understand that the Appropriation Committee is going to play a critical role in the development of your budget. While there are numerous increases and decreases throughout, it seems like one of the most significant reductions is the Clean Water State Revolving Fund. The need is great throughout the country. I know in south central Kansas it really is. And I note that there are significant increases in homeland security needs and in new sustainable port initiatives. So I am really looking forward to your testimony and to our conversation here.

I also want to thank you for being part of the National Rural Water Association's event. I think that is very big. For those of you who live in rural areas, it has been a very important part of making life sustainable and growth sustainable in those areas. I know when I moved in West Sedgwick County back in 1981, I had a local water company come out to see if I needed a water softener or not, and he said your water is so hard it is off the charts. It was not drinkable. We holed our water until we got real water. So the National Rural Water Association has done a lot to help us in those rural areas. So I appreciate your being part of that, and as we go through this process of making rural areas more sustainable to fill the water needs, you guys are going to play a significant role and we want to be part of that process in helping those communities adapt. So I am looking forward to your testimony.

Thank you, Mr. Chairman.

Mr. DICKS. Thank you.

And you may proceed as you wish. We will place your entire statement in the record as usual and you can summarize or do whatever you want.

## OPENING STATEMENT OF ADMINISTRATOR JOHNSON

Mr. JOHNSON. Thanks, Mr. Chairman and members of the Committee. I really am pleased to be here today to discuss the President's fiscal year 2009 budget request for the EPA. This marks the eighth and final budget introduced by the President during his ten-

ure, and as the Bush Administration sprints to the finish line, I believe this budget will keep EPA on a course for a cleaner tomorrow.

At EPA, we are proud that our Nation's air is cleaner and our water is purer and our land is healthier than just a generation ago and so we appreciate the President's \$7.14 billion budget proposal which will help EPA keep pace with the environmental challenges of tomorrow.

One important challenge is in the arena of clean and affordable energy. With both demand and cost on the rise, innovators are moving forward to advance clean power solutions. At the same time, industry is searching for new domestic energy supplies to help reduce the Nation's dependency on foreign oil. In doing so, we estimate that industry will explore thousands of new oil and gas wells on tribal and federal lands alone as well as proposing many energy projects. To ensure these projects move forward in an environmentally responsible manner, this budget requests \$14 million to hire additional technical experts and provide grants to our partners to increase their capacity to review and assess proposed projects. In addition, the budget contains sufficient funding to meet our commitment to addressing the serious challenge of global climate change. In order to advance clean air technologies, the President requested \$49 million for EPA's diesel retrofit grant programs.

Another challenge is to improve our Nation's aging drinking water and wastewater infrastructure. The budget requests \$842 million to fund the Drinking Water State Revolving Fund grants, which is an increase of \$13 million from last year. This will help the President's commitment to achieve a \$1.2 billion revolving level by 2018. For the Clean Water State Revolving Funds, the President proposes an investment of \$555 million in 2009. This will enable the program to meet its long-term revolving target of \$3.4 billion by 2015. In addition, we once again propose to create water enterprise bonds as innovative financing tools for State and local partners to cost-effectively provide for the residents' water needs.

As we address our water infrastructure, the budget continues to support EPA's collaborative work to protect America's great water bodies. It provides \$35 million for the Great Lakes, \$29 million for Chesapeake Bay and \$4.6 million for the Gulf of Mexico.

As you know, EPA is not only a guardian of our environment, it is a guardian of our homeland, and I am proud of our responses to Hurricanes Katrina and Rita and to a number of other natural events in recent years. However, we recognize the need to expand our capabilities to respond to multiple simultaneous catastrophic events. So this budget requests an extra \$32 million for a total investment of \$170 million to train staff volunteers, increase decontamination capabilities and fully fund five water infrastructure security pilots. This additional funding also includes a \$5 million increase to support our biodefense research.

In order to keep pace with the environmental challenges of tomorrow, we have a responsibility to advance the state of our science. In this budget, the President requested \$15 million to help EPA study nanotechnology as well as an additional \$15 million for computational toxicology.

At EPA, we are working with our community partners to pass down a healthier, more prosperous future. The President's budget

provides over \$1.2 billion for our Superfund program to continue transforming contaminated hazardous waste sites back into community assets. This is a \$10 million increase from fiscal year 2008.

The President also requested \$165.8 million for a successful brownfields program. We project that grantees will help assess the renovation of 1,000 properties and create or leverage more than 5,000 jobs. But while cooperative initiatives are important, we must continue to vigorously enforce our Nation's environmental laws. This budget proposes the highest dollar amount for enforcement in EPA's history, \$563 million, which is an increase of \$9 million over fiscal year 2008.

As EPA works to fulfill our responsibilities to the American people, I am pleased that this budget not only continues to deliver environmental results today, it keeps EPA on course to deliver a cleaner, healthier tomorrow. Bottom line, this budget represents good government. It helps EPA meet our environmental goals while being responsible stewards of taxpayers' dollars.

Thank you, and I appreciate the opportunity to appear before you today, Mr. Chairman.

[The statement of Stephen L. Johnson follows:]

**TESTIMONY OF  
STEPHEN L. JOHNSON  
ADMINISTRATOR  
U.S. ENVIRONMENTAL PROTECTION AGENCY  
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE  
ON FEBRUARY 26, 2008**

Mr. Chairman and Members of the Committee, I appreciate the opportunity to discuss our proposed Fiscal Year (FY) 2009 Budget request for the Environmental Protection Agency (EPA) budget.

The President requests \$7.14 billion for FY 2009 to support EPA's mission to protect human health and the environment both directly and through EPA's state, local and tribal partners nationwide. Since its founding, EPA has laid a strong foundation of environmental progress. Our air, water and land are cleaner today than they were just a generation ago. This budget continues this progress, supports the environmental commitments that the President and I have made and institutionalizes EPA's major management and performance improvements.

In particular, the budget meets the major priorities that I've set for my final year of service:

- Advancing clean, affordable and safe energy,
- Safeguarding our nation through stronger homeland security,
- Encouraging stakeholder collaboration to address energy and climate change issues,
- Improving our water infrastructure and programs,
- Continuing Superfund remediation of the most highly contaminated hazardous waste sites,
- Encouraging economic development through revitalization with our successful Brownfields program,
- Ensuring full compliance with the nation's environmental laws,
- Building a stronger EPA for my successor – including strengthening our protection of human health and the environment through best available science, and
- Demonstrating fiscal responsibility for all our successors.

**Advancing Clean, Affordable and Safe Energy**

We all know that our nation faces multiple challenges to assure a future of clean, affordable and safe energy. With both demand and costs on the rise, innovators are moving forward to propose cleaner power solutions that are good for our environment and good for our energy security. Industry is searching for many new domestic alternatives to help reduce our dependence on foreign energy. We estimate that over the next several years industry will propose drilling thousands of new oil and gas wells on Federal, state, and Tribal lands, apply to renew up to 100 nuclear plant licenses, consider building dozens of new liquefied natural gas terminals, and propose many other projects. This budget recognizes that industry's increased efforts will mean a larger workload in our existing air and water permitting programs as well as our enforcement programs – especially out West.

This budget includes an additional \$14 million to help ensure environmentally sound decision-making – with proper permitting and review and in full compliance with the law. The

\$14 million will support our state and tribal partners' efforts to increase their capacity to review and assess all the proposed energy projects and pay for the additional technical experts the Agency needs to meet permitting, technical review, and NEPA requirements.

One related clean energy initiative that I'm glad that we and the appropriating committees agreed upon is the Diesel Emission Reduction Act (DERA) program grants. In FY 2009, \$49 million will fund 250-300 diesel retrofit grant programs that target older diesel engines which are not subject to the new regulations. A combination of strategies including engine retrofits, rebuilds or replacements, switching to cleaner fuels, and idling reduction strategies can reduce particulate matter emissions by 95 percent, smog forming hydrocarbon and nitrogen oxide emissions by up to 90 percent and greenhouse gases by up to 20 percent. These strategies will allow us to make continued progress in five sectors: freight, construction, school buses, agriculture and ports.

### **Homeland Security**

Homeland Security continues to be one of EPA's top priorities. EPA has responded to five major disasters and catastrophic incidents in recent years, including response actions to the 9/11 terrorist attacks, the anthrax terrorist incidents, the Columbia Shuttle disaster and recovery efforts, the Ricin incident on Capitol Hill, and the Gulf Coast hurricanes. Our experience from these responses, coupled with EPA's externally driven mandates such as Homeland Security Presidential Directives and Emergency Support Function mission assignments, lead me to propose that EPA heighten its preparedness.

This budget ensures that we can meet these commitments by proposing an additional \$32 million over last year's enacted budget for a total of \$170 million to advance the EPA's capabilities to respond to multiple incidents, strengthen bio-defense research, and continue to support the Water Security Initiative.

As a part of this request, we remain committed to funding five Water Security Initiative pilots to secure a broad range of data so water utilities across the country will have the necessary information to install and enhance contamination warning systems. With the FY 2009 request we will have initiated all five pilots and expect to complete them by 2012. EPA is also advancing its preparedness to respond to multiple, large-scale, catastrophic incidents, and in particular, potential chemical, biological and/or radiological agent terror attacks.

### **Climate Change**

For FY 2009, EPA requests a total of \$114.7 million to continue to achieve real reductions of carbon dioxide, methane, per fluorinated compounds (PFCs) and other greenhouse gases, and continue research to better understand climate change and its ramifications.

EPA will continue to achieve real reductions in greenhouse gases by promoting energy efficiency through partnerships with consumers, businesses and other organizations. We will continue to see real results in the home, building, industrial and transportation sectors by spurring our partners' investments in energy efficient and greenhouse gas saving technologies,

policies and practices. Based on a historical analysis, we estimate that for every dollar spent by EPA on its climate change programs, greenhouse gas emissions are reduced by up to the equivalent of one metric ton of carbon.

One cornerstone of our partnerships is the ENERGY STAR program, which has helped speed new lighting technologies to market, fostered development of more energy efficient computers, and increased Americans' understanding of how they can help the environment by purchasing cleaner and more efficient machines. To give one example, ENERGY STAR qualified light bulbs use 75 percent less electricity and last up to 10 times longer than traditional bulbs. If every American household switched just one traditional bulb to a high-efficiency ENERGY STAR bulb, America would save enough power to light more than three million homes ... save \$600 million in energy costs ... and prevent greenhouse gas emission equal to more than 800,000 cars annually.

A Washington Post article two weeks ago on how pollution can be blown to the U.S. from overseas reminded me that our international programs are essential to realizing American ecological goals. If we don't help China, India and other developing countries build energy efficient technologies into their infrastructure, their increases in greenhouse gas emissions will far out-weigh any reduction that we achieve here. That is why it remains essential that we move forward with the Asia Pacific Partnership, Methane to Markets and other international programs.

In climate change research, EPA will invest \$16.4 million to continue to better understand climate change and its ramifications. EPA will investigate how climate change affects air and water quality to protect the gains in public health made by the Agency. We will explore opportunities to anticipate the impacts and incorporate climate change considerations into regulatory processes. We will use research findings to support the development of a proposed rule on the geological sequestration of carbon dioxide to ensure that underground sources of drinking water are protected. We will continue to reach out to all our potential 300 million "green" partners by making available free, online decision support tools to enable resource managers to incorporate climate change considerations into their day-to-day operations.

### **Cooperative Programs**

Our cooperative programs also provide an outstanding example of how we can find "win-win" solutions that make sense both environmentally and economically. They allow us to work with businesses and individuals to achieve environmental results while improving the bottom line. They allow EPA to start addressing environmental challenges as soon as we recognize them and give us the opportunity to test innovative approaches to meet today's challenging environmental problems. To date, our conservative estimate is that over 20,000 businesses and other groups across America have participated in cooperative programs. We are proud of the record of success of these programs and want to encourage our talented employees to continue to use their creativity in finding innovative ways to improve environmental results.

### **Working with Federal Partners**

Cooperation with Federal partners is also crucial for EPA to meet its mission. In the FY 2009 budget, I want to highlight our efforts to work with Federal partners to better understand the environmental impact of the almost \$2 trillion worth of imported goods coming into the U.S. annually. To meet this challenge, the President directed agencies with import/ export responsibilities to work together to create an International Trade Data System (ITDS) within an expanded Automated Commercial Environment (ACE). EPA's \$3.1 million investment in FY 2009 will help build the linkage with ITDS to identify, track and confirm vital environmental details about imported goods in 6 areas: 1) vehicles and engines, 2) ozone depleting substances, 3) fuels, 4) pesticides, 5) toxic substances, and 6) hazardous waste.

This is not a pie-in-the-sky dream. It builds on a successful pilot test by our Office of Enforcement, which showed that accessing useable records lead to timely action. One pilot test identified imported engines in several planned shipments that did not meet US specifications and allowed us to block their entrance. One bad engine can make a big difference in emissions of particulate matter. Another pilot test proved that even child's play can be harmful to the environment. Detailed records highlight many batches of innocent-looking "silly-string" which contained banned chlorofluorocarbons (CFCs). These tests make clear that prompt data retrieval translates into prompt protection.

This is also an example of how our long term planning has paid off. EPA can efficiently link to ITDS because of the Agency developed a Central Data Exchange, a standard set of IT systems and protocols for sharing information among multiple partners.

### **Water Infrastructure and Programs**

This President's budget meets our commitments to finance state revolving funds, proposes new financing options, continues WaterSense and other collaborative water-efficiency projects, strengthens our wetlands and watershed protection, and furthers our successful geographic initiatives.

We propose \$842 million for Drinking Water State Revolving Fund (DWSRF) grants, an increase of \$13 million. This funding will help achieve the target of 445 additional infrastructure improvement projects to public water systems -- and help reach a long term target \$1.2 Billion revolving level. The DWSRF program supports states by providing low-interest loans and other assistance to water systems to help provide safe, reliable water service on a sustainable basis, protect public health and achieve or maintain compliance with the Safe Drinking Water Act (SDWA).

For Clean Water State Revolving Funds (CWSRFs), we propose a FY 2009 investment of \$555 million to help meet the program's long term revolving target of \$3.4 Billion. This program is able to meet EPA's \$6.8 billion total capitalization goal for FYs 2004-2011 with a reduced budget request due to higher than anticipated funding levels in previous years. The CWSRF program provides funds to capitalize state revolving loan funds that finance

infrastructure improvements through low interest loans for public wastewater systems and other water quality projects.

The President's FY 2009 budget continues to support the Water Enterprise Bond Initiative that proposes financing wastewater and drinking water infrastructure projects using Private Activity Bonds (PABs) that are exempt from unified state PAB volume caps. We estimate this initiative will increase capital investment in the nation's water infrastructure by up to \$5 billion per year over time through public-private partnerships. These bonds will complement local efforts to move towards full-cost pricing for wastewater and drinking water services, help localities become self-financing and minimize the need for future Federal expenditures.

These financing proposals work together with our continuing efforts to increase efficiency, protect our wetlands and watersheds, accurately monitor the condition of our waters and wetlands and target vital geographic areas.

For example, in June 2006 EPA launched the WaterSense program to reduce water use across the country by creating an easy-to-identify label for water-efficient products. The WaterSense label certified that products had been independently tested to meet strict efficiency and performance criteria. In less than two years, WaterSense has become a national symbol for water efficiency among utilities, plumbing manufacturers, and consumers. More than 125 different models of high-efficiency toilets and 10 bathroom faucets have earned the label and more than 600 manufacturers, retailers, utilities and professionals have joined the program as partners. In FY 2009 EPA will continue supporting development of new products and working with utilities, retailers, distributors, and the media to educate consumers on the benefits of switching to water-efficient products.

EPA's Wetlands Program supports the Administration's goals to achieve "no net loss" of wetlands in the Sec. 404 regulatory program and an overall increase in wetland quantity and quality. Wetlands provide numerous ecological and economic services: they help to improve water quality; recharge water supplies; reduce flood risks; provide fish and wildlife habitat; offer sites for research and education; and support valuable fishing and shellfish industries. In FY 2009, EPA will work with its state and Tribal partners to promote up-to-date wetlands mapping tied with GIS (Geographic Information Systems) analysis, strengthen monitoring and assessment programs to report on wetlands condition, and improve data to better manage wetlands within a watershed context. Two key activities will be implementing the 2006 Supreme Court decision in the Rapanos case, and working with our federal agency partners to accelerate the completion of the digital Wetlands Data Layer within the National Spatial Data Infrastructure (NSDI).

Watershed protection runs through our budget and strategic plan as one of the overarching principles for clean and healthy communities. Our strategic plan, our daily activities and our proposed FY 2009 budget all reflect the importance of core regulatory and stewardship programs prevent water pollution and protect source waters. With our partners we launched a Green Infrastructure Strategy on January 17, 2008 to reduce sewer overflows and storm-water runoff. We also continue to urge Congress to enact targeted, bipartisan clean water legislation to encourage "Good Samaritan" cleanup of abandoned hard rock mines. This simple step will



remove legal and bureaucratic obstacles, keep environmental safeguards in place, save tax payer dollars and help clean up watersheds.

We continue to place a high priority on improving the states' ability to accurately characterize the condition of their waters. In FY 2009, we will continue our water quality monitoring initiative by providing grant funding totaling over \$18.5 million to states and tribes that participate in collecting statistically valid water monitoring data and implement enhancements in their water monitoring programs.

The FY 2009 budget continues funding for geographic initiatives, including:

- In the Great Lakes, EPA's \$35 million investment in the Great Lakes Legacy Act will give priority to working with states and local communities to achieve improvements in water quality and reducing the number of toxic "Areas of Concern". "Areas of Concern" include areas with damaged fish and wildlife populations, contaminated bottom sediments and past or continuing loadings of toxic and bacterial pollutants.
- In the Chesapeake Bay, the \$29 million investment will be committed to substantially accelerating the restoration of the Bay's aquatic habitat and achieving the pollution reduction targets for 2010.
- For the Gulf of Mexico, EPA's \$4.6 million investment will continue to support efforts to reduce nutrient loadings to watersheds. We will identify the top 100 nutrient-contributing watersheds in the Mississippi River Basin and use a computer model determine the location of major sources of nitrogen and phosphorus and where to target hypoxia- reduction efforts.

#### **Superfund remediation of highly contaminated hazardous waste sites**

The President's budget requests a \$10 million increase for a total of \$1.264 Billion for the Superfund program to continue our progress cleaning up contaminated sites and strengthening our emergency preparedness and response capabilities. The vital goals of the Superfund program remain assuring the health and safety of neighboring citizens during cleanups and protecting human health and the environment in the long-term. Within this budget request, funding for Superfund clean-up remains at essentially the same level as enacted in FY 2008.

EPA takes seriously its responsibility to take actions to protect human health by controlling exposure to hazardous substances during clean ups. Before or during long-term remedial action, the Superfund program often completes removal actions to mitigate immediate health threats prior to completing investigations and starting long-term cleanup construction. For example, to date, EPA has provided more than two million people living near contaminated sites with alternative sources of drinking water, has completed more than 9,400 removals at hazardous waste sites to reduce the immediate threat to human health and the environment, and has conducted 351 emergency response and removal cleanup actions in FY 2007 alone.

Developed more than a decade ago, EPA's construction completion measure continues to show substantial progress in the Superfund program. As of the end of FY 2007, cleanup construction had been completed at 1,030 of the National Priorities List (NPL) sites – 66 percent of the sites listed on the NPL. EPA plans to complete clean up construction at 30 sites in FY

2008, and 35 sites in 2009. This will keep EPA on track to complete construction at 165 sites during the FY 2007 to FY 2011 time period - EPA's goal in the current Strategic Plan.

To better measure long-term progress, the program added a Site-Wide Ready for Anticipated Use measure in 2007. This measure tracks the number of NPL sites where the remedy is constructed (construction complete) and all of the controls are in place to ensure that the land is protected for reasonably anticipated uses over the long term. EPA expects to make at least 30 sites ready for anticipated use in 2009, building upon its 2007 achievement of doubling the original goal of 30 by making 64 Superfund sites ready for anticipated use.

### **Brownfields and Land Revitalization**

The President's FY 2009 budget request provides \$165.8 million for the Brownfields program, including \$93.6 million to fund program assessment, cleanup, revolving loan fund, and job training grants. This will fund 129 assessment grants, 96 cleanup grants, 7 revolving loan fund grants, and 12 job training grants. Through this work, we project that Brownfields grantees will assess 1,000 properties, clean up 60 properties, leverage 5,000 cleanup and redevelopment jobs, and leverage \$900 million in cleanup and redevelopment funding.

Experience has taught us that one of the best ways to clean up contaminated sites and to address blighted properties in communities is to expressly consider the future uses of this land. The country has accepted the economic and ecological importance of recycling various consumer products – and our understanding of sound resource management must now also embrace the recycling of contaminated properties. In addition, by incorporating “green” and sustainable approaches into Brownfields redevelopment, we can further increase the environmental benefits from land revitalization. We remain committed to the goal of restoring our nation's contaminated land resources and enabling America's communities to safely return these properties to beneficial economic, ecological, and societal uses.

### **Enforcement**

Experience has also shown that we cannot always rely on collaboration to attain all our goals. This budget doesn't neglect that lesson. Once again I request the largest enforcement budget in history, \$563 million - an increase of \$9 million - to maintain our vigorous and successful enforcement program.

These dollars will prove to be a wise investment. Last year, EPA's enforcement programs succeeded in:

- Having defendants agree to \$10.6 billion in investments to reduce pollution;
- Achieving private party reimbursements of \$252 million for Superfund; and,
- Reducing water pollution by 178 million pounds and air pollution by 427 million pounds.

This all-time record budget request includes a \$2.4 million increase to a total budget of \$52.2 million for criminal enforcement. These dollars are vital to help us increase the number of criminal investigators.

### **Stronger EPA – Sound Science**

As a 27-year Agency veteran, one of my most solemn duties is to leave behind an EPA that is stronger than when I came in. As both a scientist and a long time manager – I am convinced that the only way that a technical, regulatory agency can meet its mission is by doing a lot of hard thinking to ensure that we keep our technical, legal and scientific base strong – and that we hone our management goals and measures to guide our efforts. This budget builds on the progress we’ve made by strengthening our workforce, sharpening our management and performance measurement and increasing our scientific knowledge.

First, as a scientist, I want to continue to provide strong support for research addressing our nation’s and our world’s critical and increasingly complex environmental issues. In FY 2009, I propose that EPA invest extra resources to understand two critical, growing areas: nanotechnology and computational toxicology.

For nanotechnology, I ask for an additional \$4.5 million, for a total budget of \$14.9 million to strengthen understanding of health and ecological implications arising from new routes of exposure and/or toxicities associated with exposure to these novel materials. We must identify and develop risk assessment methodologies for use by risk assessors, and evaluate the adequacy of current exposure assessment approaches. We will coordinate this research closely with the President’s National Nanotechnology Initiative (NNI), which emphasizes the need for the government to understand which processes govern the environmental fate of nano-materials and what data are available or are needed for accurate nano-material risk assessment. This includes determining the release potential of nano-materials in the environment, researching the state of science for sampling and measuring nano-materials in environmental media. We must also study effects on human and ecological receptors and determine which technologies and practices minimize risk.

I also remain strongly committed to improving our computational toxicology work and ask for a \$2.7 million increase - for a total budget of \$14.9 million for this vital area. In FY 2009, we want to improve EPA’s ability to more efficiently understand chemicals’ toxicity through advanced modeling. One aspect of this work that is particularly important is that it can reduce the need to use animals for toxicity testing.

To help further these initiatives and ensure EPA’s ability to attract and retain the highest caliber scientists, the budget proposes expanded special authority that will allow EPA to hire up to 40 scientists quickly and competitively.

### **Stronger EPA – Performance and Management**

As a manager, I want to make sure that we focus on something we can all take pride in – delivering results. And I'm proud to tell you about what we've accomplished to date in the planning and management fields. EPA:

- Scored “green” in the President’s Management Agenda on all initiatives in the first quarter of FY 2008 – one of only a few agencies to reach that goal, and
- Improved outcome measures to more directly link the results of our work and resources to environmental, on-the-ground, results.

We’ve addressed specific challenges as well. For the first time in ten years we’ve succeeded in removing grants management as a “management challenge” or “material weakness”. We’ve fixed problems identified by the Government Accountability Office (GAO) and the Office of Inspector General (OIG) and built a system of internal controls fully integrated into the grants management process that includes:

- Improved mandatory training,
- Heightened grants performance standards,
- Quarterly management close-out reviews,
- New post-award monitoring orders, and
- EPA’s new grants management system.

Finally, as I conclude my tenure at EPA, I want to fulfill my responsibility to cultivate the next generation of EPA leaders. This budget includes funding for a Leadership and Professional Development rotation program to ensure that our talented GS-13, 14 and 15 employees can expand knowledge and expertise, develop leadership skills and enhance professional growth through short term rotational assignments. For more senior leadership, we propose to continue our SES mobility program to make sure that we populate the highest levels of the agency with proven managers.

### **Conclusion**

Mr. Chairman, when I look at the candidates who are getting the opportunity to broaden their skills in these programs, I am heartened that I’ll be leaving the agency in good hands. I look forward to working with you to enact this budget.

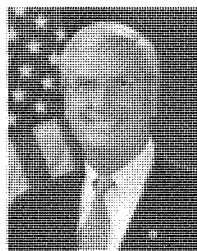
I am confident that this budget gives them an excellent basis on which to build. I hope that together we can see prompt action on these budget proposals so that we can implement your funding decisions.

Thank you. I will be happy to respond to any questions you may have.

### Administrator, Stephen L. Johnson Biography

On May 2, 2005, Stephen L. Johnson was sworn in as the 11th Administrator of the U.S. Environmental Protection Agency. As Administrator, he leads EPA's efforts to protect human health and the environment, managing more than 17,000 Agency employees nationwide and overseeing an annual budget of \$7.7 billion.

Under Administrator Johnson's leadership, the Agency has implemented a number of significant environmental programs. The United States became the first nation in the world to regulate mercury emissions from coal-fired electric utilities through the Clean Air Mercury Rule. The Administrator also implemented the Clean Air Interstate Rule, one of the five most health protective air quality standards in EPA history. In addition, Administrator Johnson led the nationwide effort to introduce ultra-low sulfur diesel fuel, which was the single greatest achievement in clean fuel since the removal of lead from gasoline.



Administrator Johnson is committed to vigorously enforcing the nation's environmental laws. In fiscal year 2006, EPA obtained commitments to reduce pollution by nearly 900 million pounds, resulting in a sustained three-year record of pollution cuts totaling almost three billion pounds.

As a scientist and 27-year veteran of the Agency, Administrator Johnson brings a strong scientific background and wealth of experience to his role as the nation's top environmental official and head of the premier environmental agency in the world. Prior to becoming Administrator, he held several senior-level positions, including Acting Administrator, Deputy Administrator, Acting Deputy Administrator, and Assistant Administrator of EPA's Office of Prevention, Pesticides, and Toxic Substances. He has received numerous awards and commendations, including the Presidential Rank Award – the highest award that can be given to a civilian federal employee.

Prior to his public service, Administrator Johnson served as the Director of Operations at Hazelton Laboratories Corporation and Litton Bionetics, Inc.

Johnson is a native of the Washington, D.C. area. He received a B.A. in Biology from Taylor University in Upland, Indiana, an M.S. in Pathology from The George Washington University in Washington, D.C., and an honorary doctorate of science from Taylor University.

He and his wife, Debbie, have three grown children, Carrie, Allison and Matthew, and five grandchildren, Carter, Luke, Kaden, Brayden and Mekeyla.

## GREENHOUSE GAS REGISTRY

Mr. DICKS. Thank you. For fiscal year 2008, Congress appropriated \$3.5 million for EPA to begin a greenhouse gas registry. The 2008 Omnibus mandates that you propose a draft rule no later than nine months after enactment and a final rule 18 months after enactment. The registry would require mandatory reporting of greenhouse gas emissions above appropriate thresholds. What are the timeline and milestones for proposing the rule by September of this year?

Mr. JOHNSON. Yes. We have initiated our work on the greenhouse gas registry and it is our intent to meet the Omnibus time frames which as you point out were nine months from enactment, September. We are aggressively working to meet that schedule. As part of the Omnibus, we are encouraged to work with existing programs and that is our first start. We note that there are California and thirty-seven other states that either have or are expressing shortly that they will have state efforts for greenhouse gas registries so we are learning from those experiences as we move forward. Our intention is to meet the deadline that is in the Omnibus appropriation.

Mr. DICKS. Do you expect to carry over into fiscal year 2009 any of the \$3.5 million we provided in fiscal year 2008?

Mr. JOHNSON. As you correctly point out, it is two-year money. We are now working on our operating plan. I am not sure how much will actually be carried over as part of that but certainly we would expect to continue our work on that as we move from a proposal to a final regulation next year.

Mr. DICKS. Your fiscal year 2009 request is zero for this activity, but in order to finalize the rule by June of 2009 as mandated in law, you will no doubt expend resources in fiscal year 2009. I take it because you said this is two-year money you are going to probably use this \$3.5 million?

Mr. JOHNSON. That is correct.

Mr. DICKS. Can you tell us, are there any additional funds that you may need to finish the rule by June 2009 as mandated in the law?

Mr. JOHNSON. At this point I am unable to project the need for additional funds to finalize the rule. What I can say is once the rule is finalized that the operation and maintenance of the registry is an unfunded item so it would have to be considered as part of the fiscal year 2010 budget.

## GREENHOUSE GAS RULES

Mr. DICKS. Okay. Good. I am glad to hear that. For fiscal year 2008, we also provided an additional \$2 million for your work on the fuels and vehicle greenhouse gas regulations announced as the Administration's response to the Supreme Court ruling in Massachusetts versus EPA. I understand that work stopped on both the vehicle and fuels rules while you assessed the impact of the Energy Independence and Security Act on those two rules. At the same time, you have testified before Congress that the problem of greenhouse gases is fundamentally global in nature. In fact, you denied California's waiver request because California is not unique. That

logic would of course argue for national standards. Can you give me a timeline for completing the two rules and tell us what is in your fiscal year 2009 request for these activities?

Mr. JOHNSON. Yes, I would be happy to, Mr. Chairman. First of all, as you correctly point out, it is a global issue. I did say that I intended to deny the California waiver. My commitment to the governor and Congress was that I would finalize that decision by the end of the month, and that is certainly Friday of this week and I intend to meet that.

With regard to our activities on climate change, they range from a whole host of activities on the international front. I would encourage your support of our Asia-Pacific Partnership because of the necessary work with China. In addition, here on the domestic front, we have a wide range of activities we are working on from carbon sequestration and we have begun the rulemaking effort on the renewable fuel standard. On February 14, we issued a Federal Register notice taking the first step to establish what the calendar year 2008 requirements are for the renewable fuel standard. So we have done that and we are beginning to work on the remainder of the renewable fuel standard.

With regard to the rest of the climate change activities, I am currently evaluating a whole host of activities, not only the Mass. versus EPA decision, and what does that mean for vehicles. A whole host of petitions are pending before the agency as well as permits. I think that it is responsible good government for me to take a step back and look at all of these. Obviously each one needs to be evaluated on its own merit. But I also understand the intricacies of the Clean Air Act and that one step in this portion of Clean Air Act can and will have a dramatic effect on other portions of the Clean Air Act. Since we have all of these moving pieces, I am taking a step back and looking at what is the appropriate framework to address these. In the meantime, we are working away on the greenhouse gas registry. We are working on the renewable fuel standard. As I said, we have already taken the first step with the Federal Register notice. We have had a lot of activities going on on the international front from the major economies effort to specific projects as well as some of the projects that we know are highly successful like Energy Star.

#### CLIMATE CHANGE ACTIVITIES

Mr. DICKS. Is it true that in order to promulgate either of these two rules on fuels and vehicles, you would first have to make an endangerment finding that basically states greenhouse gases are pollutants?

Mr. JOHNSON. Well, that is—

Mr. DICKS. Is that the complication you were talking about?

Mr. JOHNSON. That is one of the complications and one of the issues as to whether one does have to issue an endangerment finding or one does not have to and then obviously what the implications are, not only in the context of mobile sources but what that means for stationary sources. I know that people are very anxious and would like for me to move quickly, and I am considering all these expeditiously. In the meantime we have a lot of activities our staff are working on.

## CLEAN AIR ACT

Mr. DICKS. So you just said it. If you made an endangerment finding, you would then be required to regulate CO<sub>2</sub> from all sources, not only from automobile emissions. Is that not correct?

Mr. JOHNSON. The way the Clean Air Act works is and certainly what the Supreme Court raised in their decision on carbon dioxide was that if the agency determines that there is endangerment, then we would be required to regulate. That was said in the context of mobile sources. The way the Clean Air Act works is that once an endangerment finding is made, even in the context of mobile sources, would then require regulation on stationary sources, although there is still a question in this area. That is why it is one of the important issues understanding what its implications are or not in the context of both mobile sources as well as stationary sources.

Mr. DICKS. Well, just speaking for myself, if we are not going to let California and the other States, Washington State being one of them, go forward, then it seems to me we have to in a timely way address this thing at a national level with national standards.

Mr. TIAHRT.

Mr. TIAHRT. Thank you, Mr. Chairman, and speaking from Kansas, I would just as soon let California do what they want to do and leave us alone.

Mr. DICKS. And California wants the same thing.

## FIXED COSTS

Mr. TIAHRT. And California wants the same thing.

There are a lot of interesting technologies in carbon sequestration now. I just was watching the Discovery Channel last night and they talked about the Arizona project using algae to consume carbon and it ends up producing a substance which can then be used for making plastics or to be burned again. So I think a lot what we should do now is focus on this new technology so that we can solve problems in other ways other than just punishing States and people one way or the other. And I do not think the science is settled on climate change yet but I do think that maintaining a good environment is very important, and we talk in broad terms of greenhouse gases. Greenhouse gases include a lot including mostly water vapor and we certainly would not consider regulating that, I would not think.

I am a little concerned about the area of your budget that only has 60 percent for paying fixed costs as compared to 86 percent for the rest of the Department of the Interior. If we are not able to make some adjustments here on those paying fixed costs, what are your plans to meet those obligations?

Mr. JOHNSON. We believe that the budget certainly adequately covers our fixed costs and in fact accounts for the fixed costs as an agency. Having said that, as an agency, we are looking at continued ways that we can improve our performance and get, if you will, more bang for the buck. That goes from building green buildings, and we are very proud to be one federal agency buying 100 percent green power, to having facilities that are meeting Leed certification at the silver or gold levels. We are using our dollars wisely in our



fixed costs. We have commissioned a laboratory study to look at things that we can do to improve the efficiency of our operating laboratories across the country. So we are continuing to move forward at that pace.

Sir, I did want to comment. I appreciate your comments on Coffeyville and I want to thank you for your leadership. I know it seems within moments of the natural disaster that you contacted me and I appreciate our great working relationship. Also I appreciate the opportunity to go out and visit and see the progress and some of the challenges. I am pleased that we are on track to fix that area, and of course what is even more exciting is to see that oil refinery facility actually donate land back to the city and make a green space. So taking what was an awful situation and really turning it out for good.

#### LEAKING UNDERGROUND STORAGE TANKS

Mr. TIAHRT. Thank you, and we do not hear often reports on success stories. We are more likely to hear when EPA fails than when they succeed, and this is certainly one case where partnership that EPA had with the local community, with the State worked very well, and I want to make sure that the infrastructure is there so that when the need arises in other communities you have the same ability to respond as quickly and as efficiency as you did to Coffeyville, Kansas.

The leaking underground storage tanks, there is a reduction in there, and I cannot speak for the rest of the Nation but it seems like we have done a lot to deal with underground storage facilities as far as changing the technology for the storage, cleaning up the ones that had the old metal tanks. Is there going to be a point where we see a reduction here compared to what was enacted in 2008 of about \$33 million, \$33.5 million. Is the \$72.5 million that you propose going to be enough to handle the diminished need here?

Mr. JOHNSON. As I know you probably even appreciate more than I, looking at many, many budgets, the budget is complicated and in fact for our 2009 request our actual request, total request for the underground storage tanks program is \$103.8 million. As part of that, there is not the traditional funding from the leaking underground storage tanks trust fund, but there is also the STAG account, the State and Tribal Assistance Grants, so it is actually \$103.8. The enacted budget of 2008 was \$116.2 so there is a difference of \$12.4 million. That reduction is because we believe, and have proposed as a part of the budget proposal, that there is a better way than the required inspection program that is a requirement as part of the Energy Policy Act of 2005. There is a more cost-effective way, to accomplish the inspections that are required in the 2005 Energy Policy Act and do it in a more cost-effective way and in fact save taxpayers at least \$12.4 million. I would like to just launch on one other thing that—or actually two other things we talked about. One, is the opportunity through an alternative program to address underground storage tanks. Another area which I commented on last year and I would certainly like to call to the chairman and the full committee's attention, is the opportunity for us to make a difference for abandoned mines, the key

word abandoned. There are over 500,000 abandoned mines in the United States. We have a lot of Good Samaritans who want to come in and help if it were not for the fact that they assume liability if they come in and try to do something. Here is an opportunity to make a difference across the Nation, making an environmental difference using our citizen volunteers to really help and do so in a responsible way. So I would certainly encourage all of you to give careful consideration to this program. We think it is a program that is necessary and one that we could use our citizen volunteers to help make a difference.

Mr. TIAHRT. Thank you.

Mr. CHAIRMAN.

Mr. DICKS. Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Mr. JOHNSON, it is nice to have you join us.

Mr. JOHNSON. Thank you.

#### AIR STATE GRANTS REDUCTION

Mr. MORAN. I know it must be difficult being a professional working within this political environment but EPA has once again proposed cutting funding that supports the work of local and State air quality agencies, a substantial reduction, more than \$31 million. Nationwide, EPA has found cutting the grant program will result in a loss of State air pollution control officials and that it will seriously impair the States' ability to implement ozone and particulate matter standards. It is likely that Congress will enact legislation that is going to address greenhouse gases very soon. That is going to impose a new regulatory burden on the States. So I would ask why is EPA cutting the funds that would support professionals working in air quality positions? This budget cut is going to eliminate those positions just when significant new regulatory burden is on the horizon and we do not have enough people to do what is already required. Why would you do that?

Mr. JOHNSON. Well, there are two reasons. The President's budget proposes a cut of \$17 million, which is a transfer of the particulate matter monitors from section 103 to section 105, and what that means is that a State match of Federal funds is required. When the grant program was set up, it was envisioned and certainly the history is, is that the Federal government would pick up the tab for the entire monitoring in the early days to get the monitoring program established and then as that became a more established program, then it would evolve into a state match and so that is \$17 million of the cut that you are referring to. The other \$14 million is a reduced level of support for attaining current NAAQS for carbon monoxide, for SO<sub>2</sub> as well as lead. In fact, for those three current standards, all but one area of the country are meeting the standards, and in fact, when you look at that whole overall area, we are still supporting in the budget by way of \$185.6 million to help in the air arena.

#### MERCURY RULES

Mr. MORAN. It seems to me that EPA has taken a position that in effect undermines State efforts to do the responsible thing with regard to air pollution, and the Chairman brought up the situation

with California. I was stunned that where I would think that EPA would be encouraging State and local efforts, you pulled the rug out from under California, which was attempting to show the lead because of the lack of leadership on the Federal government's part, and now you are cutting the money that would enable States to move forward in finding ways to reduce air pollution and to deal with climate change, even though there are apparently people on this committee who still question what all of the scientists have concluded, that climate change is real and is a serious threat to the health of our citizens. The U.S. Court of Appeals for D.C., certainly not a liberal court, a very conservative court but they recently ruled that EPA violated the Clean Air Act in 2005 when you exempted coal plants from emission controls for mercury and other toxic substances like arsenic, lead and nickel. The Clean Air mercury rule would have created a cap and trade program to allow utilities to swap rights to emit mercury to comply with overall limits that would reduce nationwide emissions by 70 percent by the year 2018. The court ruled that EPA must fundamentally rework its mercury rules for utilities. How does your budget request comply with that court order?

Mr. JOHNSON. Well, first, it is worth noting that because of the Clean Air interstate rule that was signed and put in place for SO<sub>2</sub> and NO<sub>x</sub> reductions, we actually get early mercury reductions, which is good. Having said that, we are disappointed in the court's decision because we are the first country to regulate mercury from coal-fired power plants. We are now reviewing the decision. We have not made any decision as to what our next steps are, given the court's decision, but as I said, we will be getting some early reductions because of our Clean Air interstate rule implementation.

Mr. MORAN. Are you personally disappointed that the court required that you monitor mercury emissions from utility plants, from power plants, knowing the toxicity of mercury? Are you really personally disappointed with that, Mr. Johnson?

Mr. JOHNSON. I am very disappointed in the court's ruling because it overturned and left vacant the first-ever regulation of mercury from coal-fired power plants, so yes, I am very disappointed in that. Again, in the court's decision, the court was on the delisting. They did not get to the issue of whether cap and trade or section 111 was an appropriate vehicle for considering—

Mr. MORAN. Well, do you plan to pursue a cap and trade approach?

Mr. JOHNSON. Again, we have not made any decisions. We recently just got the decision so we are looking at what our next steps are.

Mr. MORAN. Well, yes. That is what the rest of the country is talking about. You would be the ones to implement it. There must have been some discussions. It is hard to believe that you do not have an opinion on the cap and trade approach.

Mr. JOHNSON. Well, as I said, I am certainly disappointed and believe that the cap and trade is a good way and a cost-effective way of achieving control technology. Again, with regard to the recent court decision, I have not made a decision as to what our next steps will be, given that decision.

Mr. MORAN. Are you going to provide resources to States and localities who are trying to enforce their own standards to reduce the risk from these emissions of mercury and other toxicities?

Mr. JOHNSON. Well, again, that is another very important question is, how do State activities or proposed State regulations square up with this court decision and then what would be the appropriate steps either at the State level or certainly at the Federal level. Those are all part of the considerations that I am giving right now.

#### TRONA RESEARCH

Mr. MORAN. We have a power plant that affects the air that everyone in the Washington, D.C., area breathes. It is across the Potomac River. It was built about 50 years ago and it is the worst stationary source of air pollution in the entire Washington area, the worst stationary source. They are using a chemical called Trona. Now, on the Trona manufacturer's website, it warns that this can be hazardous to people's health, causing lung disease, cancer, et cetera, but we are putting it into this power plant's emissions and yet in effect it is polluting the air that we all breathe in Washington, the Nation's capital. Have you done any research on Trona? Because apparently other power plants are going to use this as well since EPA has not come down on this particular power plant. You stayed silent. Do you have any thoughts on that?

Mr. JOHNSON. Well, a couple. One is that as you are well aware and certainly as we have discussed, the Virginia Department of Environmental Quality is the primary implementer of the Clean Air Act in Virginia and addresses these kind of issues. With regard to Trona, what we do know, it is a naturally occurring substance. It has been used in a public utility power station in Denver for control of SO<sub>2</sub> emissions for about 20 years. It has also been used successfully at the American Electric Power Company's Gavin Power Plant in Ohio, which is a significantly larger facility, to mitigate high SO<sub>3</sub> concentrations and resolve local air qualities. I know that it is, I believe, at least as I understand, it is used in other plants. Our Office of Research and Development is beginning to look at the scope and the nature of this material and working with the States but we certainly are aware that it is being used in other parts of the Nation and have been used for quite a while.

Mr. MORAN. The question was on research. I know, Mr. Chairman. I do not have any further questions but I do have a comment. You know, at one point your first response to that question was well, we defer to the States, but on the other hand, you do not give the States the resources that are necessary, and when a State does take initiative like California did, you overturn it. So it does seem to be an inconsistent position with EPA's role vis-a-vis the States.

Thank you, Mr. Chairman.

Mr. DICKS. Mrs. Emerson.

#### CLEAN WATER STATE REVOLVING FUNDS—STATE BOND MATCH

Ms. EMERSON. Thanks, Chairman.

Thank you so much for being here today. It is nice to see you again. My first question has to do with the Clean Water State Revolving Fund, and I noticed that back at the end of March 2007, the Inspector General's Office issued a report urging EPA to stop

States' use of bonds to meet revolving funds match requirement of the Clean Water State Revolving Funds. I also know, I am sure you know that not only Missouri but 20 other States in fact use match funds to secure their revolving funds so that we are able to complete wastewater projects and upgrade some deteriorating wastewater infrastructure, especially in our rural areas. It is quite important.

My question is, Mr. Johnson, in fiscal year 2009, if you all have any intention to refuse to accept match funds or any other means of contributions to satisfy the match requirement?

Mr. JOHNSON. Our 2009 budget allows for state bond match.

Ms. EMERSON. Okay. Do you think that will be revisited this year at all?

Mr. JOHNSON. In constructing the President's request for 2009, our working assumption is that the budget allows for state bond match.

Ms. EMERSON. Okay. Well, that is certainly helpful because I do not know how our State particularly would be able to do many of the projects that it is currently doing to try to keep on the right side of the law.

Mr. JOHNSON. Just to add to that, if I might, is that as I mentioned in my opening testimony, clearly we all agree that the needs are great in our safe drinking water and clean drinking water area, capital needs are great, and the Federal government clearly has a role to play but also ratepayers, each of us individually have a role to play, and there are steps that can be taken and one of the ones that we are certainly encouraging Members of Congress, you, to carefully consider and that is the use of private activity bonds. We have seen the success of private activity bonds, calling them water enterprise bonds here. We see it as another important opportunity for us to make and have more funds available to address the serious needs that the Chairman and I think all the members really believe and so I would really encourage you all to seriously consider steps to help us to make those private activity bonds a reality.

Ms. EMERSON. I appreciate that. Thanks, and I will have to learn more about that.

Mr. DICKS. Yes, why do you not tell us? Without infringing on your time—

Ms. EMERSON. Okay. That is great.

#### PRIVATE ACTIVITY BONDS

Mr. DICKS. Tell us—Ben has tried to explain this to me over the years and I am still waiting for a good answer or one that I can understand.

Mr. JOHNSON. Well, sure.

Mr. DICKS. Tell me what private activity bonds are.

Mr. JOHNSON. Private activity bonds, the current Internal Revenue Code, it is section 146 of the Internal Revenue Code, has a cap on the States' ability to privatize and to include capitalization of a variety of things including water activities and so what needs to happen is to revise section 146 to actually remove the cap which would—and I think I am getting this right—yes—I checked with my tax attorney here—to make adjustments in there to allow the

State to then use private activity bonds. I mean, in shorthand, for me, it is yes, there may be a short-term loss of some tax revenue but our experience with private activity bonds in other areas, there is a long-term gain in capital investment. There have been a variety of estimates that we have done where there is yes, you are losing tens or maybe \$100 million of tax revenue but over time the ability to use private activity bonds will result in \$1 billion to perhaps \$3 billion worth of investment. I mean, that is precisely why I see the opportunity if we can address this so that we can get more investment into this important area by any means.

Ms. EMERSON. Are there other agencies or departments in the government who use these for other types of capital projects? Ben, do you know?

Mr. GRUMBLES. Very briefly, Mr. Chairman.

Mr. DICKS. Go ahead, Ben.

Mr. GRUMBLES. I want to emphasize that it is not privatization, it is 10 percent or more participation by the private sector in managing, helping to finance, so it is a tool for greater private sector involvement at the choice of the community to still have tax-free municipal bonds issued. It is removing the artificial cap in the tax code to allow for more participation at the choice of the community to have some private sector involvement. Other agencies—we worked with the administrator and the Secretary of the Treasury worked on this so it is something that the private activity bonds are used for other forms of infrastructure and, as the administrator said, we view this as an important tool to bring in additional funding. It is estimated it could be \$5 billion a year in new money.

Mr. DICKS. So in essence you are borrowing from the private sector and then paying them back separately

Mr. GRUMBLES. It does involve that.

Mr. DICKS. From municipal bonds?

Mr. GRUMBLES. Yes. It invites the private sector to be more involved in some way through financing or management or operation of the facility. The key is that if it is more than 10 percent involvement, the current tax code provisions, which are recommending be removed, limit that. They put an artificial cap on the private sector involvement if you still want to have the tax-free municipal bonds. And that is why the Conference of Mayors, engineering groups and others are supportive of removing the cap that is part of the—

Ms. EMERSON. That is interesting.

Mr. DICKS. Yes, it is interesting.

Ms. EMERSON. Thank you for that explanation. That is helpful.

Mr. JOHNSON. Well, thanks, Ben, for adding to that. That helps.

#### ANIMAL WASTE—CERCLA

Ms. EMERSON. Let me quickly—and this will not take you but a minute—regarding the most recent regulation or notification on animal waste in agriculture from CERCLA, and I just wanted to ask you, you know, obviously the change in my opinion and that of farm groups says that this new policy will adequately address all of their needs and certainly reduce some of the burdens of the reporting requirements. I know that some of the States, however, would be asking you all to narrow that exemption by cutting out large operations. Is this a very real possibility, and if it is, have

you all discussed what size operations you would foresee excluding from the exemption?

Mr. JOHNSON. We are right now literally in the midst of the public comment period and it closes March 27th. We heard from as many ag producers as we also heard from a number of States, that there are emergency responses to the air emissions from animal feeding operations. We understand there is a burden from this reporting, we do not think it is really necessary, again from an administrative, from a response perspective. Now, there are some circumstances, if there was obviously a major spill that we would be concerned and want to be able to contain. So we are right now in the proposal stage. We are in the public comment stage. And I suspect we are going to get a number of comments that go along the lines of, is there a particular cutoff or not and both I am sure pro and con and that is good. That is why we go through a notice and comment rulemaking.

Ms. EMERSON. Thank you so much.

Mr. DICKS. We are going to go over and vote. There are going to be two votes. There will be a motion to recommit but there will be a 10-minute debate and then 25 minutes. So we are going to come back after the second vote, and we will continue.

[Recess.]

Mr. DICKS. The Committee will come back to order, and I will recognize Mr. Olver.

Mr. OLVER. Thank you very much, Mr. Chairman. It may be that I do not have any questions to ask after all. Let me just ask, for starters, have you discussed with anybody in particular the Energy Star Program at this point?

Mr. DICKS. I think that is a good one to talk about. It was mentioned by the Administrator.

#### ENERGY STAR PROGRAM

Mr. OLVER. Okay, it was mentioned in several ways by you, Mr. Johnson. I just want to say that I seem to be able to say I am dismayed about the budgets of agencies under this committee's jurisdiction. Each time I come by each session. This time I am dismayed that the EPA's budget cuts the Energy Star budget by 10 percent. It goes from \$49 million down to \$44.2 million, as I understand it. This seems to be in direct contrast to your written testimony which states that—I think I am quoting here—one cornerstone of our partnership is the Energy Star Program. Also just earlier today in a comment that was made to the chairman to a question that he had raised, I think it was he, you had called Energy Star the very successful Energy Star Program. Can you comment on this discrepancy?

Mr. JOHNSON. Well, sir, I would not characterize it as a discrepancy and I do believe the Energy Star Program is a highly successful program and certainly have a lot of statistics to back that up on the energy choices and consumers having a smart choice. We think it is a highly successful program. We think that the President's 2009 budget request continues to support that highly successful program.

Mr. OLVER. Well, a 10 percent cut does not seem to me to do that very well, but then let me also say, your written budget states

roughly that—and this may be not a quote—but that every dollar spent on Energy Star and other climate change partnership programs will deliver more than \$75 in energy bill savings. That is a complicated statement but you are nodding as if you remember that that statement is made. My calculation would be that if that is the case, that a \$4 million reduction in the Energy Star Program is eliminating \$360 million of—or it is creating \$360 million of lost savings for U.S. consumers and taxpayers. Do you challenge that logic?

Mr. JOHNSON. Well, I guess I do challenge the logic that in fact these are partnership programs and that in some cases, you know, a partnership program of investing \$1 may have a return on investment of \$3. In some cases an investment of \$1 might have a return on that investment of \$2 or in fact \$1.

Mr. OLVER. I take it that what you meant was that each dollar would create \$75 in energy bill savings as kind of an average over the different programs, Energy Star and other climate change partnership programs. So——

Mr. JOHNSON. Again, the point is——

#### CALIFORNIA WAIVER REQUEST

Mr. OLVER [continuing]. I would say it is a quite reasonable thing to calculate that loses \$360 million of savings. Okay. The other thing, I wanted to talk about the California standards decision. Was that discussed?

Mr. JOHNSON. Yes.

Mr. DICKS. We discussed it to some extent.

Mr. OLVER. All right. My understanding is that you have not yet provided a decision report or any sort of documentation for the decision to deny California's request. Is that correct?

Mr. JOHNSON. Well, not completely accurate. I did send a letter to the governor in December announcing my intention of denying the waiver and the basis of that, which is section 209 of the Clean Air Act, which deals with compelling and extraordinary conditions. I have committed to both the governor and Members of Congress that I expect to have the final decision document completed by the end of this month, which is——

Mr. OLVER. Is it usual to do the document justifying the decision that you have made after the decision has been announced?

Mr. JOHNSON. No.

Mr. OLVER. I do not know that as a procedure to be followed.

Mr. JOHNSON. I clearly indicated that that is in fact unique and it was unique in the fact that I had committed to the governor to make a decision so it was our way of being able to stay true to my commitment to the governor of announcing a decision, at the same time making sure that we have the final agency decision document prepared as is the customary way.

#### CALIFORNIA STANDARD VS. CAFE STANDARD

Mr. OLVER. In your announcement, you did make the argument that the CAFE standards set by the 2007 energy bill would establish a more aggressive standard than the California emissions rule. The California Air Resources Board has issued its report back in January saying that by 2016 the California rules would reduce



California greenhouse gas emissions by 17 million metric tons of carbon dioxide where the Federal CAFE standard would only save 8 million tons, and looking down the list of all the States, there are 12 other States who would be involved. Every one of those States shows in the tabulation that the California Air Resources Board has put out in their report, every one would reduce greenhouse gas emissions by more using the California standards than would happen by the same year using the CAFE standard change that was done in the December bill.

Mr. JOHNSON. Well, thank you for raising it because it is one of the important pieces that seems to get lost in the discussion on the California waiver, and that is, there are three very specific criteria in the Clean Air Act by law of which I have to judge California waiver decisions. The second criteria are there are compelling and extraordinary conditions, if you will, are there unique circumstances unique to California, is it exclusive in the issue. Well, in my judgment, according to all of the science information that I reviewed California does not meet that compelling and extraordinary condition. In fact, you point out that there are at least 13 or up to 17 States. In fact, every time someone raises that it just reinforces the issue that climate change is a serious issue. That is not the point of the decision criteria in section 209 of the Clean Air Act. The decision criteria is, are there compelling and extraordinary conditions in California? Every time a governor, another State representative talks about the need for their State to address global climate change, you are actually making my very point on the California waiver, is it compelling and extraordinary conditions, and in my judgment, no. And again, it is not the issue of whether climate change is a problem. I agree, it is a serious problem and—

Mr. OLVER. I suspect it will be settled in court. I will be most curious to see how the court which said you had the power to do this, it was under the law that California could have its separate standards and other States could join in on that, it will be interesting to see how that court then decides in the case when it gets to them.

Mr. JOHNSON. Either the courts will sort it out or Congress will revisit the issue of what should be the maximum CAFE standard for the Nation.

Mr. DICKS. And now we have the gentleman from California, Mr. Calvert, who has been dying to get in on this.

Mr. CALVERT. That is true. As the lone Californian, Mr. Chairman, I will admit for the record that we have a lot of gas that comes out of the State of California. As a matter of fact, we had an extraordinary number of private jets that just attended the Oscars in Hollywood, and if you could regulate that, we could probably get a hold of the problem.

Mr. JOHNSON. We actually have a petition pending before us on that issue.

#### SUSTAINABLE PORTS INITIATIVE

Mr. CALVERT. First, I want to applaud you for largely maintaining the increased funding dedicated toward the Diesel Emissions Reduction Program, which is a big deal in my part of southern

California. As your staff has estimated, the program funding level of \$49 million would leverage about \$100 million in funding assistance to reduce harmful particulate matter by approximately 7,000 tons, achieving billions in health benefits.

I also want to applaud you for the new Sustainable Ports Initiative. As you know, we have the ports of Los Angeles-Long Beach in my area of southern California. While my district is not directly next to the ports, it is affected by them on a constant basis as the containers make their way from the ships into rail and trucks, move through my district, and as the Committee knows, about 40 percent of all trade activity goes through the port of L.A.-Long Beach. I have introduced legislation called the On Time Act. It seeks to address the transportation impacts of moving freight in and out of ports. At the same time, I recognize we must address the environmental impacts of programs just like the Sustainable Ports Initiative. Can you provide us with some of the details of that initiative?

Mr. JOHNSON. I would be happy to. As you said, as part of the President's budget, we are asking for \$49 million for diesel retrofits, \$15 million of which we want to focus on our Sustainable Ports Initiative. We would like for it to be a competitive program, and recognizing that ports, if you will, around our country are facing similar issues. I think one of the things that is very compelling to me are again we were talking about results and investment. Here is an opportunity that we expect that with the \$49 million we will be able to retrofit or rebuild or replace somewhere between 250 to 300 new clean diesel engines. If you were to take 100 bulldozers and exchange or retrofit 100 bulldozers, that eliminates 16 tons of pollution every year, 16 tons of that black soot particulate matter material. It is an incredible opportunity and an incredible need to address both for diesel engines, legacy engines around the United States but particularly that opportunity in port cities and some of which have some significant challenges on air quality like the port of Los Angeles.

#### CA DIESEL EMISSIONS REDUCTION—2008

Mr. CALVERT. On a similar subject, last year Congress funded a new California emission reduction project grants program at a level just under \$10 million. The program will fund diesel emission reduction projects within the San Joaquin and the South Coast Air Quality Management Districts. Can you tell us what the status is with this program and when the EPA expects to issue these funds?

Mr. JOHNSON. I do not know the status off the top of my head. Let us get back to you on the record.

[The information follows:]

On February 15, 2008, EPA sent guidance letters to South Coast Air Quality Management District and the San Joaquin Valley Unified Air Pollution Control District inviting each to apply for \$4,922,000 in funding. As soon as the districts submit their applications and work plans, EPA Region 9 will move quickly to award the funds.

The applications are due by April 30, 2008. However, as we have already held substantive conversations with the Districts on this issue, we expect earlier submissions. The grants will be issued within 60 days after we receive complete applications, though we will expedite to the extent possible.

Mr. DICKS. For the record.

Mr. CALVERT. I appreciate that, Mr. Chairman.  
Mr. DICKS. Mr. Udall.

CALIFORNIA WAIVER REQUEST—STAFF TALKING POINTS

Mr. UDALL. Thank you, Mr. Chairman.

Administrator Johnson, back to the California waiver, my understanding is that your professional staff in a presentation to you in October strongly disagreed with your decision and they said things along the lines that it is obvious that there is no legal or technical justification for denying the waiver. Is that correct?

Mr. JOHNSON. I do not recall those words. In fact, what I recall was, I received a wide range of options, all legally defensible, all of which—obviously every decision that I face has—

Mr. UDALL. Did your air quality chief, did she make a presentation to you at the October meeting?

Mr. JOHNSON. As I recall, there was an October 30th presentation—

Mr. UDALL. And that presentation which has been turned over to the Senate committee said specifically that it is obvious there are no legal or technical justification for denying the waiver.

Mr. JOHNSON. I do not know what—

Mr. UDALL. So that is your top official with the EPA.

Mr. JOHNSON. Again, I do not know exactly what you are referring to but I—

Mr. UDALL. Well, I am referring to the document, the presentation that—

Mr. JOHNSON. May I see it?

Mr. UDALL [continuing]. Has been turned over to the Senate committee. Did your staff tell you they thought it would hurt your credibility—

Mr. JOHNSON. First of all—

Mr. UDALL [continuing]. In terms of managing the agency?

Mr. JOHNSON [continuing]. The document that is referred to here was never presented to me.

Mr. UDALL. It was never presented to you?

Mr. JOHNSON. No.

Mr. UDALL. So your top—

Mr. JOHNSON. I became—

Mr. UDALL. Your top person—hold it. Hold it.

Mr. JOHNSON. I became aware of this as part of the document production in response to requests of oversight committees, both on the House and the Senate side. I became aware of this document at that time. This was never presented to me.

Mr. UDALL. So did the person appear in the meeting that—

Mr. JOHNSON. Yes.

Mr. UDALL [continuing]. Drafted the document?

Mr. JOHNSON. Oh, well, I do not know who drafted the document because I was not aware of it.

Mr. UDALL. Well, it says in there, it says the deputy's chief drafted the document, Chris Grundler drafted the document.

Mr. JOHNSON. Yes. I did not see it. I was not aware of it until there was—that it became—

Mr. UDALL. Well, let me get back to the discussion in the October meeting. So nobody really raised the issue that it is obvious that there is no legal justification to do this and that—

Mr. JOHNSON. I had a wide range of options that were presented to me. They were all presented as legal options.

Mr. UDALL. That is not the question I asked you.

Mr. JOHNSON. Well, I am telling you what the presentation was, and, you know, again, it was ultimately my decision, my decision alone. I needed to evaluate the criteria, evaluate the petition in light of section 209. That is what I did. I made the decision, mine alone. It is the right decision. I understand that a number of you disagree with that. I respectfully disagree. You will see my—

Mr. UDALL. Let me ask—

Mr. JOHNSON [continuing]. Final decision by the end of the month.

Mr. UDALL. Okay. Let me ask though about the decision—

Mr. JOHNSON. And that will characterize what I said.

#### CALIFORNIA OZONE PROBLEM

Mr. UDALL [continuing]. Because you have talked about this section 2, compelling and extraordinary. My understanding is that California has always historically been involved with ozone and they have been very aggressive about that and that your staff recommended that this actual ozone problem that California had and its historical involvement met the criteria for compelling and extraordinary in this presentation and before you. Is that correct?

Mr. JOHNSON. That is one of the issues that will be addressed in my final agency decision document. It is clear that California has a serious ozone problem. In fact, so serious that are currently not meeting the current health standard. As a number of you are widely well aware of, I am now in the process of reevaluating that NAAQS standard and I am under a court order deadline of March 12th, by which I intend to make my decision on the final ozone, so it is an important issue that came up during the California petition. It is going to be addressed in the final decision document that I said will be issued next Friday.

#### CALIFORNIA WAIVER ANNOUNCEMENT

Mr. UDALL. Did you deviate from your normal procedure of not having it in writing in advance to announcing it? You seemed to suggest that earlier.

Mr. JOHNSON. Well, let me—

Mr. UDALL. That is an easy question. It is just a yes or a no.

Mr. JOHNSON. What I said was—

Mr. UDALL. Did you deviate from your normal procedure?

Mr. JOHNSON. The unique aspect of this procedure was that I put in a letter and announced my decision in order that I could meet the commitment that I made to the governor and Members of Congress. That is unique from past agency practice, and I acknowledge that.

Mr. UDALL. So the answer is yes, you deviated from the normal procedure?

Mr. JOHNSON. I do not particularly like the word "deviation." I think it was an accommodation to—

Mr. UDALL. Should we use "aberration"? Is that better? Let me ask this. You obviously—

Mr. JOHNSON. My intent was to honor my commitment to the governor and that is what I did.

Mr. UDALL. Administrator Johnson, you obviously know, I mean, this global warming issue is a huge issue for the State of California and the impacts it has on ozone and these other things, and here you have a State that is trying to do the right thing. You know, you have a Republican governor who is being very aggressive and saying I want to tackle this issue. He is trying to do the right thing, and it appears to me—I mean, I want you to answer this. It appears to me that here he is trying to do that and you slap him down when your professional staff is telling you that basically he should be able to do it because he has compelling reasons and so it looks like rather than protecting the people, which is your job, you are protecting the special interests. Could you respond to that?

Mr. JOHNSON. My responsibility is to do what the law instructs me to do and that is to make an independent decision under the Clean Air Act, and that is what I did. I recognize some people disagree with that. Other people agree with it. Again, it is not a popularity contest. The law is not a rubber stamp of this is the way it has always been done. It is an independent look. I did it. It was my decision, my decision alone. I had many, many, many, many hours of briefings. In fact, I think we have to date now either made available or turned over 5,000 documents on this issue. You know, a lot of people had a lot of opinions. I had a range of recommendations that were presented to me. I carefully evaluated those.

Mr. UDALL. I understand that.

Mr. JOHNSON. I made a decision and I know that some people do not like it.

#### CALIFORNIA WAIVER—STAFF COMMENTS

Mr. UDALL. Mr. Administrator, was Margo Oge in the meeting with you?

Mr. JOHNSON. Margo Oge was frequently in the meetings with me.

Mr. UDALL. And she never raised these issues that are in her written presentation that has been turned over—

Mr. JOHNSON. Not with me directly.

Mr. UDALL. She never said anything like this—

Mr. TIAHRT. I just read this article here, and it was not really her written presentation, it was Mr. Grundler's, and it says here—

Mr. UDALL. It is my time, I believe, Todd. I believe it is my time. It says a presentation prepared for the director and so prepared for the director, air quality director, Margo Oge, urged Johnson to grant the waiver and suggested he would face great outside pressure to deny it, and as part of the presentation it said—and this is a direct quote—"It was obvious no legal or technical justification for denying the waiver." That is a direct quote from the presentation. Did she say that to you at any time?

Mr. JOHNSON. Again, the document that is referenced here was never presented to me.

Mr. UDALL. Well, that is not my question. The question is, at any time did she say that to you——

Mr. JOHNSON. You know, I——

Mr. UDALL [continuing]. Not whether the document was presented.

Mr. JOHNSON [continuing]. Received a lot of comments from my professional staff and that they presented me with a wide range of options. One of the options was denial, and I carefully considered all of the options.

Mr. UDALL. Was one of the options to grant the waiver?

Mr. JOHNSON. One of the options was to grant the waiver.

Mr. UDALL. And did Margo, did she say in terms of granting the waiver, did she say those words to you that I just——

Mr. JOHNSON. As I said, those words were never presented to me in whatever document that you are referring to. I became aware of the document as part of the document production. So those were not presented to me.

Mr. UDALL. I think I have beat a dead horse here, Mr. Chairman, so we will leave the Administrator alone.

Mr. DICKS. Okay. I think you have been through it a good bit today and have done quite well. Let us adjourn the hearing.

**Questions for the Record**  
**Question from Chairman Norm Dicks**  
**Environmental Protection Agency**  
**Hearing Date: February 26, 2008**

## **SCIENCE AND TECHNOLOGY**

### **EVALUATION OF RESEARCH PART BY NAS**

**Dicks Question 1.** If EPA has issued a response to the findings and recommendations of the recently issued report by the National Academies, "Evaluating Research Efficiency in the U.S. Environmental Protection Agency," provide a summary of the response.

**Answer:** EPA does not plan to issue a formal response to the report on research efficiency by the National Academy of Sciences. However, EPA was pleased with the outcome of the study. The study's findings and recommendations support much of the work already being done by EPA's Office of Research and Development (ORD).

**Dicks Question 2.** Can you provide to the Committee your understanding of the current dialogue with OMB on the question of implementing the Program Assessment Rating Tool for research and development, with particular regard to the concerns of the National Academies committee about misapplication of PART to the ORD programs?

**Answer:** EPA continues to engage OMB and other agencies in an effort to improve program evaluation, efficiency measurement, and the PART process for research programs. OMB has agreed to co-sponsor, with EPA, a panel discussion with Federal agencies on the National Academy of Sciences recommendations on these issues. EPA is working closely with OMB and the other agencies that participated in the National Academy of Sciences study to plan and lead this panel discussion, which will be held at EPA headquarters on April 10<sup>th</sup>, 2008. These agencies include the Department of Energy, the National Science Foundation, the National Institute of Health, the National Aeronautics and Space Administration, the National Institute for Occupational Safety and Health, as well as the Office of Science and Technology Policy. The National Academy of Sciences will also participate.

The April 10<sup>th</sup> panel will discuss how and to what extent agencies could incorporate intermediate outcomes in their annual and strategic plans, conduct independent expert panel reviews that incorporate assessments of "investment efficiency," and develop meaningful "process efficiency" measures. OMB's participation in this discussion, especially the participation of their budget examiners who conduct research PART assessments, will help address the National Academy of Sciences' concerns about the lack of consistency in the PART process and the need for OMB examiners to receive more training regarding application of the PART to research programs.

## TITLE 42 AUTHORITY

**Dicks Question 3.** The Committee understands that you have made seven appointments in the two years you have had this authority. At that rate, you will not have reached your authorized level of 30 appointments between 2006-2011. You are asking for an increase in authorized positions to 40 and a three-year extension of the authority through 2014. Why is it reasonable to assume that your rate of appointments will increase so that you can reach 40 over an eight-year period?

**Answer:** Since obtaining this authority, ORD has been able to more effectively compete for top-notch talent to fill critical science positions (e.g., computational toxicologist). However, the authority is scheduled to expire in a few years and ORD recognizes that extending the program and enhancing the current language will enable better utilization of the opportunities enjoyed by other science agencies, such as the National Science Foundation and the National Institutes of Health.

- The proposed expanded authority will further enhance ORD's ability to attract top candidates and retain its current corps of Title 42 appointees. It adds three additional years which will signal to incoming hires and current Title 42 appointees ORD's long-term dedication to them and the Title 42 program and help retain current Title 42 appointees.
- The proposed expanded authority removes the constraint of five appointments per fiscal year. The number of appointments and the ability to appoint was constrained to a specific fiscal year. This new language will alleviate some of the difficulty experienced in trying to attract and bring on board top talent. For example, candidates for a majority of the positions that ORD recruited were from academia (e.g., departmental chairs) which presented challenges when establishing start dates of selected candidates before the end of the fiscal year. Most candidates wanted to align the transition to their new positions based on the timing of the academic calendar.

Under the existing Title 42 authority, ORD has made seven appointments — three in FY 2006 and another four in FY 2007. Of the three slots that ORD was unable to fill, ORD was unable to fill one because the selected candidate received a much better competing offer and was unable to fill another because we could not find a qualified candidate to fill the position. As a result, those slots are no longer able to be utilized due to the way the current authority is written. Under the proposed expanded authority, the vacant slots would still be available. Further, at that rate of hire (i.e., 33% rate of increase in FY 2007 over FY 2006) it is projected that under the proposed amended authority, ORD would reach 30 appointments by FY 2011 and achieve at least 40 appointments by 2014.

ORD continues to evaluate its Title 42 program to ensure that its use of the authority provides the research expertise and science leadership capabilities needed to address its current and future critical workforce needs that will support emerging environmental research.



**Dicks Question 4.** On average what are these scientists paid and is there a statutory or regulatory cap on what they can be paid?

**Answer:** In FY 2007, the average pay for the Agency's seven current Title 42 appointees was \$174,250. While there is no statutory or regulatory cap on what they can be paid, EPA put in place an internal Agency Title 42 policy which establishes a ceiling of \$250,000 on pay. This amount is the same cap that the National Institutes of Health uses for its Title 42 program.

#### CLEAN AUTOMOTIVE TECHNOLOGY

**Dicks Question 5:** Is it still your goal to complete technology transfer to the private sector by the end of 2009 and if so, how many private sector companies have agreed to that?

**Answer:** EPA's original goal was to achieve initial commercialization of urban delivery trucks in 2010 as indicated in the FY2008 Congressional Justification. The technology transfer is now projected to be complete for urban delivery vehicles in 2012 at the earliest.

The following companies are committed to working with EPA on various engine and vehicle concept demonstrations to validate that the technologies can be commercialized:

UPS, FedEx Ground, Eaton Corporation, Parker-Hannifin, Ford Motor Company, International Truck and Engine Corporation, Borg Warner, APM Terminals, Kalmar Industries, Sheppard, Freightliner, as well as four universities and the U.S. Army.

**Dicks Question 6.** Update the funding history chart provided last year, FY 2002-2009.

**Answer:** The following table contains a funding history for the Clean Automotive Technology Program for the fiscal years from 2002 through 2009.

**EPA Clean Automotive Technology Funding  
FY 2002 – FY 2009**

Fiscal Year	Enacted Dollars in Millions
FY2002	\$26.4
FY2003	\$21.6
FY2004	\$21.2
FY2005	\$19.0
FY2006	\$18.6
FY2007	\$12.9
FY2008	\$18.5
FY2009	\$11.4 (requested)

## FACILITIES INFRASTRUCTURE AND OPERATION

**Dicks Question 7.** In FY 2007, the Agency undertook a review of Laboratory Infrastructure to identify ways to achieve cost savings in the Agency's laboratories. What were the results of the study and how have you incorporated those results into the FY2009 budget?

**Answer:** In December 2007, EPA distributed a draft report across its laboratories and offices entitled *Common-Sense Actions and Best Practices that Improve Laboratory Efficiency and Effectiveness*. This report was drafted by employees from EPA laboratories and is based on laboratory suggestions that identify current laboratory actions and best practices that help improve laboratory efficiency or effectiveness. These actions and best practices include opportunities to reduce energy and water use; purchase supplies collectively in bulk; reduce the amount of chemicals used and disposed of by the laboratories; and increase the extent to which resources are shared by multiple EPA laboratories. The scale of efficiencies from the identified practices runs a wide range. In some instances, the avoided costs have amounted to hundreds of thousands of dollars and in others individual actions avoid costs of only a few hundred dollars.

This report is an important near-term review of EPA's laboratory capabilities and operations nationwide. The goal of the review is to continue to improve the effectiveness and efficiency of EPA's laboratory network to meet the needs of its world class scientists and the environmental challenges of the future. EPA understands that its mission of protecting human health and the environment extends to operating its facilities in the most "green" manner possible. Among other purposes, the report is intended to help facility and laboratory managers determine which actions and best practices can be implemented in other laboratories and facilities to improve operating efficiency and effectiveness. In addition, the Agency will convene a "sustainable laboratory forum" in the spring of 2008 to agree on how best to implement the actions and best practices highlighted in the report and identified by employee suggestions.

After receiving and incorporating comments from EPA staff, the Agency intends to publish a final report on the near-term review. The Agency also plans to engage an outside independent expert group that will assess and evaluate EPA's laboratory needs over the next 10 years. This approach is recognized as a "best evaluation practice" by Congress, the White House, and the National Academies of Science. EPA Administrator Johnson has clearly stated that EPA's laboratory review will not result in any laboratories closing during his tenure.

The results from the near-term review of EPA's laboratory network are not incorporated into the FY 2009 budget request. Before acting on these results, the Agency plans to evaluate comments from Agency staff on the draft report and to assess recommendations from the sustainable laboratory forum.

**Dicks Question 8:** Provide the funding history of the PM Research Centers, by center. When will the next five year grants be awarded?

**Answer:** The Particulate Matter (PM) Research Centers program began in 1999. Five centers competed for and were awarded funding for five years. A sixth year of funding was provided to this group of centers while EPA awaited the final recommendations of the National Academy of Sciences panel on particulate matter research. A second competition was held in 2004, and five centers were awarded five-year grants for 2005 through 2010. In 2008, EPA's Science Advisory Board will form a special panel that will meet to provide advice to the Administrator, via an SAB report, on future directions for the PM Centers program. The Agency anticipates that the next round of grants for centers will be awarded in 2010.

Institution	1999–2005	2005–2010	Total
University of Rochester	\$9,952,447	\$8,000,000	\$17,952,447
University of California, Los Angeles	\$10,365,583	\$7,999,997	\$18,365,580
Harvard University	\$9,447,015	\$7,999,609	\$17,446,624
New York University	\$9,762,583	\$0	\$9,762,583
University of Washington	\$9,938,976	\$0	\$9,938,976
Johns Hopkins University	\$0	\$7,993,275	\$7,993,275
University of California, Davis	\$0	\$8,682,748	\$8,682,748
<b>TOTAL</b>	<b>\$49,466,604</b>	<b>\$40,675,629</b>	<b>\$90,142,233</b>

#### RESEARCH: GLOBAL CHANGE

**Dicks Question 9:** For FY 2008, Congress appropriated an additional \$2.7 million for this program, with direction to use the increase to support research necessary for future Greenhouse Gas rulemakings. Provide a summary of how those additional funds will be spent and indicate how much, if any, of the increase will be awarded through the STAR program.

**Answer:** The FY 2008 Omnibus Appropriations Bill stipulates that EPA's Global Change Research Program should use the additional funds "to support future rule making on greenhouse gases." This is an entirely new area of work for the Global Change Research Program. Consequently, we are going through a thoughtful process of determining the goals we would like to reach given the appropriations language, identifying the work that needs to be done to attain those goals, and determining the mechanisms through which the work will be done to ensure that the funds are used effectively.

Areas of research that are currently being considered for funding include (but are not limited to):

- system-wide evaluations of the emissions reduction potential of various technological and non-technological options to assess their potential to reduce greenhouse gas (GHG) emissions and their implications for air quality;
- environmental implications of alternative fuels for both mobile and stationary applications, including ethanol from corn, sugar ethanol/mixed alcohols, cellulosic

feedstocks, biodiesel, and alternative fuels formed from biogenic and thermochemical processes such as the Fischer–Tropsch process;

- evaluation of the environmental implications of different carbon dioxide capture technologies, including the Department of Energy’s extensive work specific to coal gasification using Integrated Gasification Combined Cycle (IGCC) technology;
- evaluation of the relationship between GHG mitigation strategies and strategies for adapting to a changing climate;
- evaluation of proposed forest offset accounting methods for effectiveness and applicability at the national scale;
- targeting and monitoring GHG impacts on ecosystems; and
- development of regional scale ecological performance measures and predictive niche models to evaluate GHG rule making.

This open and inclusive planning process involves all the EPA Laboratories and Centers in the Office of Research and Development, the Program Offices, and the Regional Offices. Once this process is completed, we will determine the optimal mix of extramural research (funded through the STAR program) and intramural research (conducted in EPA’s Laboratories and Centers) that will effectively attain the identified goals. The resources will then be allocated to specific projects. We expect to complete this deliberative process and allocate the funds in the next four weeks.

**Dicks Question 10.** How much of the Research: Global Change funds are used for “planning” activities, as highlighted on page 112 of the Justification, and how much is used for actual research, assessments, and modeling.

**Answer:** A very limited amount of the Global Change Research Program’s funds are used for planning activities associated with the U.S. Climate Change Science Program (less than one percent). The resources allocated to this effort are in the form of staff time, in particular the time of EPA’s National Program Director for Global Change Research and several staff who participate on CCSP interagency working groups.

EPA is one of 13 federal departments and agencies that comprise the CCSP, which coordinates and integrates scientific research on global change and climate change across the federal government. All of the work conducted in EPA’s research program is consistent with and closely coordinated with participating federal departments and agencies. On an annual basis, CCSP conducts a planning process to ensure that its strategic goals and research elements, as described in CCSP’s strategic plan,<sup>1</sup> are addressed. CCSP’s annual budget process catalyzes research planning that addresses overarching national objectives beyond member agencies’ individual missions. In this way, CCSP achieves results that no single agency acting alone could attain. This process also reduces overlaps, identifies and fills programmatic gaps, and synthesizes work generated under the auspices of the CCSP.

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<sup>1</sup> <http://www.climatescience.gov/Library/stratplan2003/>

## RESEARCH: CLEAN WATER

**Dicks Question 11.** According to your Justification (p. 116) research in this program is “targeted at supporting the UIC regulations pertaining to geologic sequestration of carbon.” Summarize the FY 2008 and FY 2009 research and budget planned for carbon sequestration?

**Answer:** The Office of Research and Development (ORD) geologic sequestration of carbon dioxide research program is being developed collaboratively through the Drinking Water and Global Change programs in conjunction with the Office of Water (OW) and Office of Air and Radiation.

Research on geologic sequestration of carbon dioxide is part of the Source Water Protection theme of the Drinking Water Research Program (DWRP). Initial efforts have focused on collaboratively determining high priority research needs associated with protecting underground sources of drinking water, monitoring and modeling frameworks, mechanical integrity of wells, and identifying health risks. Currently, efforts are directed at synthesizing existing knowledge on topics pertinent to rule development including “Area of Review”, monitoring, modeling, and verification strategies. Research projects will be integrated into the existing framework of the DWRP with initial emphasis on Long-Term Goal 1: Risk Characterization.

The Agency is in the process of developing a proposed rule to regulate geologic sequestration of carbon dioxide under the Underground Injection Control (UIC) program. ORD plans to use the \$1 million of additional funding granted in the FY 2008 Omnibus to address high priority research needs associated with development and implementation of the proposed rule.

Companion research will also be initiated through the Global Change Research Program with an emphasis on climatic factors and the role of geologic sequestration as a greenhouse gas mitigation measure. Efforts are also in progress to develop collaborations with other agencies conducting research on geologic sequestration.

The DWRP will begin to develop tools for identifying indicators of endangerment to underground sources of drinking water, per the Safe Drinking Water Act authority. Detailed research plans will be available in April 2008.

The FY 2008 Enacted Budget for the geologic sequestration of carbon dioxide within the DWRP is \$1.2M. The estimate for the FY 2009 President’s Budget for this research is \$2.0M, as Science to Achieve Results (STAR) grants within the Drinking Water Research Program. This represents a net increase of \$0.8 million from FY 2008 to the FY 2009 request for carbon sequestration research.

**Dicks Question 12.** What is your request for research into wastewater infrastructure research, how does that compare to FY 2008?

**Answer:** The Water Infrastructure Initiative for the 21<sup>st</sup> Century was first proposed in the FY 2007 President's Request. EPA will continue to support research to develop innovative solutions to manage aging water infrastructure. This research will help us continue to make steady progress toward sustainable water infrastructure by reducing pipeline failures and providing for more efficient transmission of water and wastewater through buried infrastructure.

The Agency plans to invest approximately \$7 million (\$5 million for wastewater and \$2 million for drinking water) in both FY 2008 and FY 2009 for infrastructure related research. In FY 2009, water infrastructure (drinking water and wastewater) research will focus on developing tools to improve methods for design, operation, maintenance, rehabilitation, and replacement of systems for storing and distributing drinking water, collecting wastewater, and stormwater management. Innovative approaches for condition assessment and rehabilitation of these systems will be emphasized. Advanced methods for control/prevention of corrosion of water and wastewater infrastructure components will also be developed. In addition, design, operational, and management issues associated with dual distribution systems will be investigated with the goals of providing alternative water sources to meet non-potable needs and to help alleviate some of the capacity issues associated with water distribution systems and wastewater collection systems.

**Dicks Question 13.** Last year you provided examples of innovative technologies for wastewater infrastructure. What has been the result of your research on those technologies?

**Answer:** Research on innovative technologies for inspection, condition assessment and rehabilitation of aging water infrastructure was initiated in FY 2007. The work has focused on assessment of the state of the science and identification of new and emerging technology innovations. Foundational work for planned field demonstrations of innovative technologies has been initiated with the development of metrics for the evaluation of the technical performance and cost-effectiveness of the technologies. Also, demonstration site selection criteria are being developed to identify a suite of field locations that will produce nationally and regionally applicable results. Likely technologies to be demonstrated include: robotic and remote sensing devices for nondestructive inspection; trenchless rehabilitation techniques for buried pipelines to decrease the need for excavation; and in-system sensors and communications systems, including fiber optics, for improving the reliability, speed, flexibility, data quality, and spatial coverage for near real-time system assessment and monitoring, including evaluation and prediction of system failures. For example:

- New robotic technologies for internal sewer inspection are applying sonar, radar, and laser technology to produce more precise, quantitative assessments;
- Advanced trenchless pipe replacement technologies, like "pipe bursting" allow for cost-effective system rehabilitation with minimal surface disruption and its resultant traffic and business interruptions; and
- Innovative "smart pipe" technologies are being developed to provide continuous monitoring of the structural integrity of water distribution lines and sewers.

## RESEARCH: HUMAN HEALTH AND ECOSYSTEMS

**Dicks Question 14:** The FY 2008 enacted budget provides a \$6 million increase over the 2008 request for this program area and includes direction related to a number of substances. Provide a summary of the FY 2008 and FY 2009 budgets allocated to, and a summary of the work planned in both years for, the following: TCE, PAHs, Trona.

**Answer:** As directed by Congress, the \$6 million increase in the Omnibus appropriation over the 2008 request is being allocated to human health research. The resources will support the long-term goals of ORD's human health research program: 1) use of mechanistic information; 2) cumulative risk; 3) susceptible populations; and 4) assess risk management decisions. A portion of these resources will be devoted to TCE, PAHs, and trona as described below.

EPA does not track risk assessment spending by individual chemical since much of the work is done on multiple chemicals simultaneously, such as for physiologically based pharmacokinetic (PBPK) modeling and mode of action analysis. However, estimates can be derived for some trichloroethylene(TCE)- or polycyclic aromatic hydrocarbons(PAH)-specific contracts, such as literature searches, and such information only would represent a small part of the costs associated with these risk assessments. The Agency is currently working through a process to determine the most appropriate budget allocation for research on Trona as this is a new area of study in our research portfolio.

Completing the TCE assessment is a top priority for EPA's Integrated Risk Information System (IRIS) program under the Human Health Risk Assessment (HHRA) program/project. As shown on IRIS Track (the online assessment status reports for IRIS), the upcoming milestones for the TCE assessment include intra-agency review the summer of 2008 and interagency review starting in December 2008.

Also under the HHRA program/project, an IRIS health assessment for PAH mixtures is underway. Currently, internal peer consultation is being conducted, which is expected to be completed this spring. A draft document is anticipated to undergo interagency review in the early fall.

As stated in the Omnibus appropriation, "the Agency is urged to report to Congress on the PAH study referenced in the House report" to research the specific impacts of PAH through parking lot seal coating. In response, EPA will evaluate this issue, assess what is known about exposure, ecological and health effects and determine whether any new research might be needed. The Agency will investigate this specific issue to determine how best to address it and is reviewing USGS research in this specific area.

To date, EPA has not conducted research on the health effects of trona. For FY 2008, the Agency is actively evaluating this issue in order to determine what is known about potential health or environmental impacts of trona, and whether any new research might be needed. The Agency is reviewing the available literature concerning the scope and nature of trona exposure and the extent to which health effects have been considered. If any specific research needs are

identified, EPA will then determine whether and how to expand its current research plan in response. The Agency expects to complete this information gathering phase within three months. The FY 2009 President's Budget does not request funding for research on the health effects of trona.

**Dicks Question 15:** EMAP: Update the chart provided last year on the EMAP funding history since 2000.

**Answer:** See spreadsheets labeled "*Total Ecological Research and EMAP Resources*" for response to this question.

In FY 2009, the Office of Research and Development's responsibilities for the Environmental Monitoring and Assessment Program will continue to decrease as the methods for national aquatic surveys are transferred to states and tribes with EPA oversight. Continuing technical support for implementing the surveys will transfer to the Water Quality Research program. These transfers are natural progressions from core research to applications in other program research and use by the Program Offices.

Beginning in FY 2008, Ecosystems research is shifting to focus on ecosystems services. In FY 2009, the program will continue to focus on the assessment of the benefits of ecosystem services to human and ecological well-being by investigating ways to: define ecosystem services and their implications; measure, monitor and map those services at multiple scales over time; develop predictive models for quantifying the changes in ecosystem services; and develop decision platforms for decision makers to protect and restore ecosystem services through informed decision making. To meet these objectives, the Agency's ecosystems research will build on existing work in environmental monitoring and assessment, landscape ecology, modeling ecological stressor-response relationships, and assessing vulnerability to natural and human stressors.



**TOTAL ECOLOGICAL RESEARCH**  
(Dollars in Millions; Includes EMAP Resources)

FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Enacted	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 President's Budget
\$103.7	\$102.2	\$106.4	\$107.8	\$107.3	\$86.5	\$86.3	\$79.3	\$71.3	\$66.0

**EMAP RESOURCES**  
(Dollars in Millions)

FY 2000 Enacted	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Enacted	FY 2004 Enacted	FY 2005 Enacted	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 President's Budget
\$37.5	\$37.1	\$39.8	\$41.1	\$40.9	\$33.6	\$25.2	\$21.1	\$16.0	\$13.1

**Dicks Question 16.** EMAP: Your budget implies (p. 147) that the states and tribes will pick up the national aquatic surveys. How many states have agreed to do this and how many sites would be affected?

**Answer:** Beginning with the 2006 budget year, EPA and states began a new partnership to implement the national aquatic surveys. All states are participating in the national scale surveys, which include annual collection of samples from approximately 1,000 sites nationwide. The FY 09 budget does not anticipate any change in the states' role in conducting the national scale survey.

**Dicks Question 17.** EMAP: How many sites will have remote sensing capabilities and what % is that of the total number of sites?

**Answer:** None of the EMAP sites have ground remote sensing capabilities. However, a \$1 million increase is included in the FY 2009 President's Request to support real-time, sensor-based monitoring of critical chemical and biological parameters. In order to decrease the need for field visits and thus cost through the placement of field proven remote sensors, field sensors will be investigated. This work is designed to provide an efficient EMAP site selection process.

**Dicks Question 18.** Ecological Research: Your request reflects a \$5.7 million reduction from FY 2008. Provide the activities/ programs, and their FY 2008 and 2009 budgets that make up that reduction.

**Answer:** The following table provides FY 2009 requested levels for Ecological Research programs as compared to the FY 2008 enacted budget.

Program	FY 2008 Enacted	FY 2009 President's Budget	FY 09 PB v. FY 08 En.
Ecosystems Research	\$71.3M	\$66.0M	-\$5.3M
Nanotechnology	\$3.9M	\$4.0M	+\$0.1M
GRO Grants	\$0.6M	\$0.0M	-\$0.6M
Total	\$75.8M	\$70.0M	-\$5.8M

The \$5.3 million reduction to Ecosystems Research includes a net reduction of \$3 million to the Environmental Monitoring and Assessment Program (EMAP). This represents a reduction due to a one-time Congressional increase of \$4 million in the FY 2008 Omnibus Bill that was not carried through to the FY 2009 President's Budget as well as an increase of \$1 million in FY 2009 for real-time, sensor-based monitoring of critical chemical and biological parameters. As noted in the answer to Representative Dicks' question 15, the Office of Research and Development's responsibilities for the Environmental Monitoring and Assessment Program will continue to decrease as the methods for national aquatic surveys are transferred to states and tribes with EPA oversight. Continuing technical support for implementing the surveys will transfer to the Water Quality Research program. These transfers are natural progressions from core research to applications in other program research and use by the Program Offices.

The majority of the remaining reduction to the Ecosystems Research program represents the costs associated with the realignment/redirection of workyears and their costs to support spatially explicit exposure assessment tools that integrate data within in the Pesticides and Toxics program, address the emergence of remote sensing tools for air quality characterization in the Air program, and to better align support workyears across the research programs.

The Greater Research Opportunities (GRO) grants program is being discontinued in FY 2009, with a portion of the funding redirected to support GRO fellowships. This realignment will allow the GRO program to better meet the Agency's goals.

**Dicks Question 19.** Human Health Research: Your request reflects a \$2.5 million reduction from FY 2008. Provide the activities/programs and their FY 2008 and 2009 budgets, that make up that reduction.

**Answer:** The following table provides FY 2009 requested levels for Human Health Research Programs as compared to the FY 2008 enacted budget.

Program	FY 2008 Enacted	FY 2009 President's Budget	FY 09 PB v. FY 08 En.
Human Health	\$62.4M	\$56.6M	-\$5.8M
Nanotechnology	\$4.2M	\$7.8M	+\$3.6M
Mercury	\$4.0M	\$4.4M	+\$0.4M
Advanced Monitoring Initiative, GRO Grants, Other	\$6.7M	\$6.0M	-\$0.7M
Total	\$77.3M	\$74.8M	-\$2.5M

The net reduction of \$2.5 million is comprised of both reductions and increases. The reduction to Human Health research of approximately \$5.8 million, includes reductions to susceptible populations research, a reduction to Science to Achieve Results (STAR) grants, and increases to payroll for COLA and to fund additional work years. A substantial portion of the reduction to Human Health research results from an increase included in the FY 2008 Omnibus (\$6.0 million), which was not sustained in the FY 2009 President's Request. In addition, the Greater Research Opportunities (GRO) grants program is being discontinued in FY 2009, with a portion of the funding redirected to support GRO fellowships. This will allow the GRO program to better meet the Agency's goals.

The overall net also includes an additional FY 2009 investment in nanotechnology research to improve understanding of the implications of manufactured nanomaterials released into the environment. Also included are funding increases for research on advanced monitoring and mercury research.

**Dicks Question 20.** Computational Toxicology: The Justification (p.136) notes that upon successful completion, Phase II of ToxCast™ can be applied to chemicals of concern to EPA program offices. When will this phase be completed and what are the estimated out year costs?

**Answer:** Computational toxicology offers the possibility that, with advances in the various computational biology sub-disciplines, scientists may have the ability to develop a more detailed understanding of the risks posed by a much larger number of chemicals while reducing the use of animals during toxicological testing. This research also supports the National Academy of Sciences (NAS) report, *"Toxicity Testing in the Twenty-first Century: A Vision and a Strategy"*, that calls for a transformation in the field of toxicology to one more efficient and predictive of chemical effects on humans.

EPA expects Phase II of ToxCast™ to be complete at the beginning of FY 2011. EPA expects to test about 500 chemicals from FY 2008 – FY 2010. It is estimated that Phase II will cost approximately \$20,000 per chemical. In comparison to utilizing only conventional test methods, the ToxCast™ approach to testing represents a significant savings in both dollars and time required.

**Dicks Question 21.** Endocrine Disruptors: Page 140 of the Justification explains a reduction to work on endocrine disruptors because validated Tiers I and II screening protocols will be completed in 2008. If this schedule holds, what would be the next steps in your work on endocrine disruptors?

**Answer:** EPA's Office of Research and Development has completed all of the research needed for the development of the Tier 1 assays for the implementation of the Agency's Endocrine Disruptors Screening Program (EDSP). The Tier I assays will have undergone validation by the Office of Prevention, Pesticides, and Toxic Substances and the Organization for Economic Cooperation and Development (OECD) so that Tier I testing can begin in August 2008. The only remaining assays for which research will continue until their completion in FY 2010 are the fish and amphibian Tier 2 assays. Resources for the endocrine disruptors research program are also being used to develop subsequent generations of assays, using newer molecular approaches, for EDSP. Research also will continue to focus on ensuring that the Agency has the tools it needs to be able to interpret the data that are submitted, through EDSP and elsewhere, to make informed decisions. Some examples of specific areas of focus include: determining classes of chemicals that act as endocrine disruptors and their potencies; characterizing modes of action and the shape of the dose-response curve; developing approaches for assessing cumulative risk and extrapolating results across species; developing methods to characterize exposures to complex environmental mixtures; developing risk management tools to mitigate exposures; and applying the resulting methods, models, and tools to characterize the impact of endocrine disruptors on environmental media and aquatic organisms.

**Dicks Question 22.** Research Fellowships: Provide the FY 2007, 2008, 2009 budgets for, and the number of fellowships supported by that budget, for each of the fellowship programs listed on pages 141–142 of the justification.

**Answer:** EPA's research fellowship programs can be divided into two categories: those that provide financial assistance directly to students studying at academic institutions (Table 1) and those that place recent graduates in temporary positions at EPA (Table 2).

In the first category (direct assistance to current students), EPA incrementally funds fellows' studies over a period of up to three years. Funds are used to fulfill previous financial commitments to fellows who have already received awards as well as to award new fellowships.

In the second category (placement of recent graduates), the programs described on pages 141 and 142 are only responsible for the operating costs of placing fellows with a host office in EPA. Host offices cover the actual costs (*e.g.*, salary, benefits) of sponsoring fellows from their own budgets. The sponsorship costs borne by a host office currently range from approximately \$90,000 to \$130,000 per fellow for the ES&T/AAAS program, to \$51,000 to \$60,000 per fellow for the EPH/ASPH program.

**Table 1.** Academic Fellowship Programs

Fiscal Year	STAR Fellowship Program	GRO Fellowship Program	Marshall Scholarship Program <sup>2</sup>
2007	\$7,503,000 90 incremental 69 new	\$1,529,000 29 incremental 29 new	\$111,000 0 incremental 2 new
2008	\$7,475,000 157 incremental 20 new	\$1,484,700 21 incremental 29 new	\$111,000 2 incremental 0 new
2009	\$5,875,000 83 incremental 40 new	\$2,066,00 21 incremental 40 new	\$240,822 2 incremental 3 new

<sup>2</sup> The program is still in its developmental stage. Program growth is projected through 2012, with an expected increase in the number of awards.

**Table 2.** Professional Development Fellowships

Fiscal Year	ES&T (AAAS)	EPH (ASPH)
2007	\$120,000 16 fellows	\$121,000 21 fellows
2008	\$175,000 18 fellows	\$100,000 12 fellows
2009	\$200,000 18 fellows	\$120,000 12 fellows

**Dicks Question 23.** Research Fellowship: Update the chart provided last year on the number of STAR fellowships awarded since 1995.

**Answer:** The numbers of new Science to Achieve Results (STAR) fellowships awarded each year since 1995 are shown in the following table.

Fiscal Year	New STAR Fellowship Awards
1995	101
1996	105
1997	118
1998	124
1999	127
2000	108
2001	100
2002	0
2003	83
2004	124
2005	128
2006	112
2007	69
2008*	20

\*The FY 2008 appropriation for STAR fellowships was approximately \$7.5 million and nearly the same as the FY 2007 appropriation. The expected decrease in new fellowships from 2007 to 2008 is due to an increase in the number of existing fellows from 90 to 157. The answer to Representative Dicks' question 22 provides more information.

**Dicks Question 24.** The Justification notes a realignment of workyears between human health and ecosystems, land protection and restoration, drinking water, and computational toxicology.

(The majority of the decreases come from Human Health and Eco-systems Program-project, page 156). Provide a cross walk from FY 2008 to FY 2009 and explain why this shift is necessary.

**Answer:** The following table shows the net realignment of workyears as well as an explanation of the shift. Note: support workyears are defined as non-programmatic workyears; that is management or administrative workyears, including non-scientific personnel.

Program Project	Net Workyear Realignment	Explanation of Shift
Homeland Security: Preparedness, Response, and Recovery	+6.6	+6.0 - From Drinking Water Research to provide support for the development of provisional advisory levels (PALs). This will reduce uncertainty in the PAL determinations that allow for safe reentry after a contamination event. +0.6 - Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Clean Air	+0.6	This reflects the net realignment of the following: +3.0 - From Human Health and Ecosystems to address the emergence of remote sensing tools for air quality characterization and exposure estimation. +2.0 - From Drinking Water Research to better align support workyears across the research programs. +0.6 - From Computational Toxicology research to better align support workyears across the research programs. -5.0 - To Human Health and Ecosystems to better align support workyears across the research programs.
Research: Global Change	-0.4	Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Drinking Water	-13.1	This reflects the net realignment of the following: -6.0 - To Homeland Security for support of PAL development. Work on DBP mixtures is nearing completion, therefore, workyears can be redirected to support higher priority work. -3.0 - To Water Quality research to meet increasing needs related to the development of water quality criteria. -2.0 - To Clean Air research to better align support workyears across the research programs. -1.0 - To Land Protection research (Superfund) to support high priority work on asbestos. -1.1 - Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Water Quality	-1.6	This reflects the net realignment of the following: +3.0 - From Drinking Water research to meet increasing

		needs related to the development of water quality criteria. +2.0 – From Sustainability research to better align support workyears across the research programs. -5.2 – To Land Protection research to support nanotechnology research by providing multimedia modeling fate and transport research. -1.4 – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Human Health Risk Assessment	+0.4	Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Computational Toxicology	-0.2	This reflects the net realignment of the following: +1.0 – From Human Health and Ecosystems to better align support workyears across the research programs. -0.6 – To Clean Air research to better align support workyears across the research programs. -0.6 – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Endocrine Disruptors	-4.3	This reflects the net realignment of the following: -4.0 – To Land Protection research (Superfund) to support high priority investigations of the health effects of asbestos. -0.3 – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Fellowships	-0.1	Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Human Health and Ecosystems	-14.5	This reflects the net realignment of the following: +5.0 – From Clean Air better align support workyears across the research programs. +1.1 – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution. -13.0 – To Pesticides and Toxics research to support spatially explicit exposure assessment tools and to better align support workyears across the research programs. -3.6 – To Land Protection research to support nanotechnology exposure research and better align support workyears across the research programs. -3.0 – To Clean Air research to address the emergence of remote sensing tools for air quality characterization and exposure estimation. -1.0 – To Computational Toxicology research to better align support workyears across the research programs.
Research: Land Protection and	+14.4	This reflects the net realignment of the following: +5.2 (S&T) – From Water Quality research to



Restoration		nanotechnology research by providing multimedia modeling fate and transport research. +4.0 ( <i>Superfund</i> ) – From EDCs research to support high priority investigations of the health effects of asbestos. +3.6 ( <i>S&amp;T</i> ) – From Human Health and Ecosystems research to support nanotechnology exposure research and better align support workyears across the research programs. +1.0 ( <i>Superfund</i> ) – From Drinking Water research to support high priority work on asbestos +0.6 ( <i>S&amp;T</i> ) – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Sustainability	-2.1	This reflects the net realignment of the following: -2.0 – To Water Quality to better align support workyears across the research programs. -0.1 – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.
Research: Pesticides and Toxics	+14.3	This reflects the net realignment of the following: +13.0 – From Human Health and Ecosystems research to support spatially explicit exposure assessment tools and to better align support workyears across the research programs. +1.3 – Realignment across multiple programs of Headquarters support workyears to better reflect actual distribution.

**Dicks Question 25.** Nanotechnology: Provide the funding history of the Agency's research in this area, by program-project and a summary of the research results.

**Answer:** The following table provides the funding history of the Agency's nanotechnology research.

Program/Project	FY 2002 Enacted \$ (M)	FY 2003 Enacted \$ (M)	FY 2004 Enacted \$ (M)	FY 2005 Enacted \$ (M)	FY 2006 Enacted \$ (M)	FY 2007 Enacted \$ (M)	FY 2008 Enacted \$ (M)	FY 2009 President's Request \$ (M)
<b>TOTAL</b>	\$6.4	\$5.2	\$4.6	\$5.6	\$4.5	\$8.6	\$10.4	\$14.9
Not Applicable <sup>3</sup>	\$6.4	\$5.2	0.0	0.0	0.0	0.0	0.0	0.0
Research: Human Health and Ecosystems	0.0	0.0	\$4.0	\$5.0	\$3.9	\$8.2	\$8.1	\$11.8

<sup>3</sup> EPA began budgeting by Program/Project in FY 2004.

Research: Sustainability <sup>4</sup>	0.0	0.0	\$0.6	\$0.6	\$0.6	\$0.2	\$0.2	\$0.2
Research: NAAQS	0.0	0.0	0.0	0.0	0.0	\$0.2	\$0.2	\$0.2
Research: Land Protection and Restoration	0.0	0.0	0.0	0.0	0.0	0.0	\$1.9	\$2.7

Until FY 2007, all EPA nanotechnology research was funded through the Science to Achieve Results (STAR) and Small Business Innovation Research (SBIR) extramural programs. Initially, nanotechnology grants funded by STAR were primarily focused on applications (using nanotechnology to address environmental challenges) including green manufacturing, contamination remediation, sensors for environmental pollutants, and waste treatment. As interest in gathering data on the safety of nanomaterials has grown, EPA shifted the focus of grant solicitations from applications to environmental and health implications. Between FY 2002 and FY 2008, the STAR program funded more than \$29 million for 86 research projects on the applications and implications of nanotechnology. Successes from this program include:

- Modifying the surfaces of iron nanoparticles to enable them to clean up trichloroethylene (TCE), a common groundwater contaminant.
- New insights into potential toxicity of carbon nanotubes and nano titanium dioxide (TiO<sub>2</sub>).

EPA's SBIR program has funded 49 projects for over \$5 million in funding related to nanotechnology development, nanomaterials, and clean technology. These projects range from a nanocomposite-based filter for arsenic removal in drinking water to nanofibrous manganese dioxide for emission control of volatile organic compounds (VOCs).

A full listing of STAR and SBIR nanotechnology grants and awards may be found at <http://es.epa.gov/ncer/>.

In FY 2007, EPA received its first appropriation for an in-house nanotechnology research program. This program is in its initial phase of development. To advance an integrated extramural and in-house research program for the next five years, ORD recently completed a Nanomaterial Research Strategy that focuses laboratory research on the implications of nanomaterials to human health and the environment. The strategy will be externally peer reviewed at a public meeting on April 11, 2008.

<sup>4</sup> Prior to FY2007, this was the Pollution Prevention program/project.

## ENVIRONMENTAL PROGRAMS AND MANAGEMENT

### AIR TOXICS AND QUALITY

**Dicks Question 26.** Federal Stationary Source Regulations: Although you have issued all of the MACT standards, the Clean Air Act requires risk assessments to determine if additional standards are needed. What is the status of that effort and what is in your request to support that work?

**Answer:** Between 1993 and 2004, EPA published 96 Maximum Achievable Control Technology (MACT) standards covering 174 source categories. The Clean Air Act (CAA) Section 112(f)(2) requires that EPA develop standards, as necessary, to address the risk remaining after promulgation of the MACT standards. This is to occur within 8 years of promulgation of the MACT standard. In addition, CAA Section 112(d)(6) requires that EPA assess advances in processes, practices, and control technology every 8 years. EPA calls this review process the Risk and Technology Review (RTR).

EPA completed RTR assessments and promulgated separate final actions for 8 of the 96 MACT standards. These reviews generally showed that the MACT standards did a good job of controlling risk: two of the MACT reviews showed low risk; three showed an ample margin of safety was achieved without further controls; and three required additional controls. The reviews were time and labor intensive and statutory deadlines were missed.

As a result of that effort, EPA decided to employ a new streamlined approach which involves grouping the MACT standards, focusing more on high risk sources, using data from the National Emission Inventory (NEI), and soliciting public comment on the NEI through an Advanced Notice of Proposed Rulemaking (ANPRM), rather than extensive new data gathering efforts. This new approach will allow EPA to accelerate our reviews and more closely meet statutory dates.

#### Progress to Date:

- Published ANPRM covering 22 source categories in March 2007 soliciting comment on NEI data
- Proposed action pursuant to sections 112(d)(6) and (f)(2) for Petroleum Refineries in August 2007, and we intend to take final action in August 2008
- Proposed action pursuant to sections 112(d)(6) and (f)(2) for 8 low-risk categories in December 2007
- Plan to propose action pursuant to sections 112(d)(6) and (f)(2) for an additional 12 source categories this summer, and we intend to take final action by December 2008
- Plan to publish another ANPRM in June 2008 covering 19 source categories

**Dicks Question 27.** Particulate Matter Monitoring Network: What is your request for managing the PM monitor network and do you expect to add any sites in FY 2009?

**Answer:** The FY 2009 request to manage the Particulate Matter (PM) monitoring network is \$24.8 million.

EPA believes that the existing PM<sub>2.5</sub> monitoring network is adequate to support the intended level of protection of the National Ambient Air Quality Standards (NAAQS). EPA expects to negotiate a new national contract for laboratory support of its Chemical Speciation Network (CSN) in 2008. Depending on the availability of resources and the cost of the laboratory services, EPA may negotiate to have a small number of major urban areas with large populations (e.g., New York City, Los Angeles) begin operating daily speciation stations as part of the CSN in 2009. These daily speciation stations are expected to be useful to help expedite a number of air program management needs including accelerating the pace and reducing the uncertainty with chronic health studies that use community-wide monitoring stations in large cities.

**Dicks Question 28.** Federal Support for Air Toxics Program: What are the quantifiable benefits of the National Emission Inventory and National Scale Air Toxics Assessment Database and what is the amount needed to avoid delaying these in FY 2009?

**Answer:** The National Emission Inventory (NEI) is a multi-pollutant inventory for EPA's air quality related policy analysis. It is the single, consistent repository for all US emissions for all sources of pollutants subject to NAAQS and regulations governing emissions of air toxics. The NEI integrates information from major EPA programs, including Continuous Emissions Monitoring (CEM) data from the cap and trade data system, State and local agencies, and transportation generated emissions calculated by models using speed and traffic flow information collected by the US DOT.

The NEI is the initial starting point for nearly all emissions analysis for Clean Air Act regulated pollutants. The inventory provides critical emissions inputs to complex air quality models such as the Community-scale Model of Air Quality (CMAQ) and emissions scoring techniques guiding EPA's review and approval of NAAQS air quality attainment demonstrations. The NEI is also the primary emissions data source for residual risk assessments the Agency uses in developing Risk and Technology Review (RTR) rules evaluating current technology-based air toxics regulations for major sources of air toxics to adequately protect public health and the environment. Using the NEI for RTR has resulted in cost savings as it has eliminated the need to start separate emissions inventories for each industry under review. Also, where sector specific analyses are performed, those analyses provide feedback to the NEI to improve the quality of emissions information for those sectors. The NEI data also provide inputs to cost and benefit analyses for EPA's air quality programs, including CAIR, the NOx SIP call and mobile source emission reduction programs.

With regard to the "National Scale Air Toxics Assessment Database," we take this question to apply to the National-scale Air Toxics Assessment (NATA). NATA was created to provide data to assess risks from toxic air pollution exposures without creating a large, multi-million dollar national monitoring program to track the ambient air concentrations of 188 different toxic air pollutants. EPA uses the NATA modeling tool to augment data from the National Air Toxics

Trends (NATTs) air monitoring network and a limited number of special, State and local air toxics monitoring studies.

On a national scale, NATA has provided a snapshot of levels of air toxics for specified years (e.g., 1999) and assesses the chronic health risks that would exist if levels of toxic air pollution emissions remain unchanged in future years. The assessment is the primary tool utilized by State and local regulatory agencies and communities to establish local priorities for reducing air toxic emissions. Providing NATA results allows these agencies to focus local emission reduction efforts on the sources, locations, and pollutants that contribute the most to local toxic air pollution risks, helping them to achieve the maximum health benefit from their pollution control strategies. The NEI is also the primary database that supports NATA assessments.

The EPA has not attempted to quantify the benefits associated with the NEI or NATA; however, since both are primary sources of scientific information regarding the impacts of air pollution nationally, our ability to understand and regulate the major sources of air pollution varies directly with the quantity and quality of the data they contain. The NEI and NATA are clearly high value tools by any qualitative assessment. While EPA has not performed a quantitative assessment of their value, the Agency's commitment to future development of these assets is another strong indicator of their value.

The EPA is currently in the middle of a multi-year investment to improve and further automate the NEI's data architecture with a new Emissions Inventory System (EIS). The new EIS, originally projected for completion in FY09, is a key element in EPA's strategic plan to improve the timeliness, quality and efficiency of the National Emissions Inventory development cycle. For national scale assessments, the Agency is initiating efforts to broaden NATA to include NAAQS pollutants in a multi-pollutant, national scale assessment of air pollution impacts on public health.

Given EPA priorities for the FY09 budget, completing the new EIS was delayed to allow the agency to continue providing technical guidance to States/localities to implement the national air toxics monitoring network, and to provide modeling support and implementation assistance for air toxics risk reduction strategies. EPA is also working closely with the industrial sectors to look at new ways of taking advantage of multi-pollutant controls of emissions. Operations and maintenance of data systems is also a priority. To continue the operation and re-engineering of the NEI and related EIS without delay, and to avoid delaying the next national assessment of air quality (i.e., the next generation NATA), the Agency needs \$2.3 million in FY 2009.

**Dicks Question 29.** Stratospheric Ozone: Domestic Programs: Provide the 2006, 2007, 2008 and 2009 (request) funding levels for the SunWise program. In the last year that the Administration requested funds for this program, what were the projected benefits?

**Answer:** The Administrations budget requests for FY2006-2009 are listed in Table 1.

**EPA Budget Requests for SunWise Program, FY2006-2009**  
(Dollars in thousands)

Fiscal Year	Budget Request
2006	\$1,100
2007	\$1,100
2008	\$0
2009	\$0

In estimating benefits, EPA was not able to separate the effects of the SunWise program from the total effect of other private and public investment in sun exposure awareness including corporate advertising for sun block lotions, sunshade or other related products, as well as other federal, state or local efforts to promote awareness. However, EPA estimates that the combined benefit to the portion of the population reached in FY 2007 by SunWise and other programs/advertising would avoid 568 cases of skin cancer and 3 premature deaths from cancer. The economic value is estimated to be more than 2.9 million dollars in health benefits for a benefit to cost ratio of 3.74 to one.

The health benefits for non-school aspects of the SunWise program have not been evaluated. Many of the benefits of the SunWise program that are not evaluated include these FY2007 activities:

- SunWise registered more than 900 new partner organizations, including summer camps, science centers, after-school programs, home schools, state and local governments, pools, parks, etc. As of yet, SunWise has not evaluated the effectiveness of its materials with these audiences.
- A 30-second public service announcement on Radio Disney that aired 90 times on each of Radio Disney's 41 stations during June, July and August.
  - The PSA resulted in a significant number of impressions: 57.9 million among six to eleven year olds and 10.7 million among moms. The total earned media value of the 3,960 spots was \$553,500.
- Five 30-minute public service shows on Radio Disney in Seattle, WA (two shows), Boston, MA, Milwaukee, WI, and Orlando, FL.
  - In Boston, SunWise had the help of Lisa McGovern, head of the Congressional Families Cancer Prevention Program and wife of Congressman Jim McGovern, as the featured guest. In Seattle, SunWise had the help of Suzie Dicks, member of Congressional Families Cancer Prevention Program and wife of Congressman Norm Dicks, for one of the two shows.
- The 2007 SunWise with SHADE National Poster Contest. Students create an 8.5x11" poster that encompasses five of the SunWise action steps for sun safety. In 2007 the contest received entries from more than 13,000 students in kindergarten through eighth grade.
- Generation and dissemination of the Ultraviolet (UV) Index via email and the Web site.

- Media surrounding Wisconsin becoming a SunWise State with the help of State Superintendent of Public Instruction Elizabeth Burmaster (more than 175,000 gross impressions).

**Dicks Question 30.** Smartgrowth: Provide the FY 2007, FY 2008 and FY 2009 request, by account, program area and program-project.

**Answer:** Smart Growth is funded by the Environmental Programs and Management (EPM) appropriation and is within the Legal/Science/Regulatory/Economic Review program area. The break down of Smart Growth funding by program project is as follows:

*(dollars in thousands)*

Program Project	FY 07 Enacted <sup>1</sup>	FY 08 Enacted <sup>1</sup>	FY 09 Pres Bud
Regulatory Innovation	\$2,817	\$2,802	\$2,817
Brownfields	\$1,096	\$1,201	\$714
<b>Total</b>	<b>\$3,913</b>	<b>\$4,003</b>	<b>\$3,531</b>

#### BROWNFIELDS

**Dicks Question 31.** Brownfields: Your request includes a 10 FTE increase over the FY 2007 actual level. Why does the program need this increase in FTE?

**Answer:** During the development of the Agency's FY 2008 President's Budget, EPA realigned its FTE to more accurately reflect its workload. This realignment shifted approximately 7 FTE to the Brownfields program. Additionally, FTE were not fully utilized in FY 2007 due to several vacancies needing to be filled.

#### CLIMATE PROTECTION PROGRAMS

**Dicks Question 32.** Climate Protection Programs--Update the chart provided last year with FY 2007/2008 enacted and FY 2009 request for the individual climate programs.

Answer:

<i>Climate Change Program – EPM Account</i>	<b>FY 2007 ENACTED (\$ in Millions)</b>	<b>FY 2008 ENACTED (\$ in Millions)</b>	<b>FY 2009 PRESIDENTS BUDGET (\$ in Millions)</b>
Buildings: Energy Star – Commercial	\$19.1	\$21.7	\$18.4
Buildings: Energy Star – Residential	\$24.3	\$24.0	\$23.3
Industry: Energy Star	\$2.5	\$2.5	\$2.5
Industry: Industrial Carbon	\$1.6	\$1.3	\$0.0
Industry: Heat and Power Partnerships	\$3.7	\$3.8	\$3.8
Industry: Green Power Partnerships	\$3.6	\$3.6	\$3.7
Industry: Climate Leaders	\$2.0	\$2.0	\$2.1
Industry: Methane to Markets	\$4.4	\$4.4	\$4.5
Industry: Methane - Natural Gas Star	\$3.8	\$3.9	\$3.9
Industry: Methane - Landfill Outreach	\$1.9	\$1.9	\$1.9
Industry: Methane - Coalbed Outreach	\$1.9	\$1.9	\$1.9
Industry: Methane – Agricultural	\$0.7	\$0.7	\$0.7
Industry: Global Warming - Voluntary High GWP Gases	\$1.7	\$1.8	\$1.8
Industry: Global Warming - Significant New Alternatives	\$0.9	\$0.9	\$0.9
Transportation: Voluntary - Best Workplaces	\$2.0	\$0.0	\$0.0
Transportation: Voluntary - SmartWay Partnerships	\$2.6	\$2.0	\$2.0
Transportation: Voluntary – Other	\$0.5	\$0.5	\$0.5
Carbon Removal	\$1.3	\$1.3	\$1.3
State and Local Outreach	\$3.0	\$3.0	\$3.0
International Capacity Building	\$5.7	\$5.7	\$5.7
Asia-Pacific Partnership	\$5.0	\$0.0	\$5.0
Greenhouse Gas Registry Rule		\$3.4	
<i>Climate Change Program – S&amp;T Account</i>			
Clean Automotive Technology	\$12.9	\$18.3	\$11.4
Global Change Research	\$16.9	\$19.7	\$16.4
<b>TOTAL</b>	<b>\$122.0</b>	<b>\$128.3</b>	<b>\$114.7</b>

**Dicks Question 33.** Asia-Pacific Partnership: This Subcommittee and a number of other Appropriations Subcommittees specifically did not fund this activity in FY 2008. Despite that, the Committee has heard about attempts to fund this program in 2008 anyway. Provide a table with the FY 2007 and 2008 enacted budgets and FY 2009 request for this program for all agencies and Departments which contribute to it.



**Answer:** EPA received \$5 million in appropriations for the Asia-Pacific Partnership (APP) in FY 2007. EPA is not spending any FY 2008 appropriations on APP except the time required to effectively manage projects funded under FY 2007 funding. EPA has requested \$5 million for FY 2009.

#### ENFORCEMENT/COMPLIANCE

**Dicks Question 34.** Compliance: You are requesting \$6.7 million in FY 2009 for contracts to support the Integrated Compliance Information System (ICIS) database. Provide a funding history and estimates for the out years.

**Answer:** The FY 2009 President's Budget requests \$6.7 million for the ICIS database contract support. Below is the ICIS database funding history and estimates for the out years requested.

Fiscal Year:	Contract Dollars (in thousands)
2000	\$3,103
2001	\$3,790
2002	\$5,005
2003	\$3,703
2004	\$7,231
2005	\$7,330
2006	\$7,150
2007	\$8,188
2008	\$6,590
2009	\$6,712
2010	\$6,712

**Note:**

Total dollars include contractor support only.

FY 2000 – FY 2007 dollars based on actual costs.

FY 2008 dollars based on enacted budget

FY 2009 based on President's Request

FY 2010 assumes straight-lined budget from FY 2009 Request

**Dicks Question 35.** Update the chart provided last year to show 2003-2007 end-of-year results for the six enforcement measures (Civil Judicial penalties, Administrative penalties, etc.).

**Answer:** Below is the updated chart of OECA's end-of-year results for the six enforcement measures achieved by the Agency from FY 2003-2007.

Fiscal Year	Civil Judicial Penalties (millions)	Admin. Penalties (millions)	Criminal Penalties (millions)	Admin. Penalty Order Complaints	Admin. Compliance Orders Issued	Superfund Clean up Enforcement- Private Party Commitments (millions)
2003	\$72	\$24	\$71	1,888	1,582	\$896
2004	\$121	\$28	\$47	2,122	1,807	\$569
2005	\$127	\$27	\$100	2,229	1,916	\$753
2006	\$82	\$42	\$43	4,647	1,438	\$391
2007	\$40	\$31	\$63	2,237	1,247	\$688

**Dicks Question 36.** Despite a request that is \$9 million over the FY 2008 level (all accounts), you project a 42 FTE decrease in FY 2009. What resources do you need to keep your enforcement staff at the 2008 levels?

**Answer:** The resources we have requested for the enforcement program, the highest level ever, reflect our commitment to the vigorous enforcement of our environmental laws and is sufficient to maintain a robust and effective enforcement program. The program has achieved record results in recent years and the request will allow us to maintain this impressive performance.

**Dicks Question 37.** You propose to move 9.2 FTEs from civil to criminal enforcement to increase the number of criminal investigators. What are the number of criminal investigators in FY 2007, 2008 and estimated for 2009?

**Answer:** The Agency is committed to maintaining a vigorous criminal enforcement program by increasing its strategic emphasis on more significant cases that reflect the Agency's overall enforcement priorities as well as cases that have a high deterrence value. EPA is moving to increase the ranks of its criminal investigators to support this new direction.

In support of that effort, OECA has prepared a three-year (FY 2008-2010) hiring strategy to increase the number of criminal investigators supporting EPA's criminal enforcement program to 200. The table below shows the number of criminal investigators projected to be on-board by September 30<sup>th</sup> of each fiscal year.

Fiscal Year	Number of Criminal Investigators
2007 (Actual)	168
2008	184
2009	192
2010	200

**Dicks Question 38.** Environmental Justice: What is your request for the EJ Small Grants program and how does that compare to FY 2007 and 2008?

**Answer:** The Agency's FYs 2007, 2008, and 2009 budget requests for Environmental Justice does not include funding for the EJ Small Grants program. Instead, the Agency has focused on incorporating EJ considerations into implementation of its core programs, thus positively impacting a wide audience. The following table summarizes the EJ Small Grants requests and enacted funding levels for fiscal years 2007 to 2009.

Budget Authority (dollars in thousands)			
EJ Small Grants	FY 07	FY 08	FY 09
Request	\$ 0.0	\$ 0.0	\$ 0.0
Enacted	\$500.0	\$800.0	N/A

**Dicks Question 39.** Your budget request reduces the EJ function in EPM by 40% from FY 2008. What specific activities conducted in FY 2008 will not be conducted due to this reduction?

**Answer:** The reduction will not compromise the Agency's environmental justice (EJ) efforts. During the past several years, the Agency has moved aggressively to integrate environmental justice into its core program implementation. Every Headquarters and Regional office develops and implements EJ Action Plans, which seek to achieve measurable environmental and human health improvements for communities disproportionately exposed to environmental harms and risks.

The FY 2009 budget request does not reflect a Congressionally-directed funding increase received in FY 2008. The Agency does not maintain these types of increases in its budget requests. The reduction in FY 2009 will not negatively impact the base EJ program, which is working to institute EJ considerations into core EPA program functions.

## FY 2009 Environmental Justice Activities:

Integrate environmental justice considerations into EPA's programs, policies and activities. As part of EPA's agency-wide commitment to environmental justice, all Program Offices and Regions will continue to implement their EJ commitments, as reflected in their EJ Action Plans and EPA's 2006-2011 Strategic Plan. These commitments improve Agency efforts to achieve environmental and public health improvement in communities disproportionately burdened by environmental harms and risks.

Support the National Environmental Justice Advisory Committee (NEJAC). EPA will increase the number of NEJAC public meetings and workgroups. These efforts will enhance the ability of stakeholders to provide advice and recommendations on EJ issues in a timely, cogent, and relevant manner.

Continue development of geographic assessment tools, such as the Environmental Justice Strategic Assessment Tool (EJSEAT). EJSEAT is a screening tool that seeks to establish a nationally consistent approach to identifying areas with potential environmental justice concerns. The tool will supplement EPA's national and regional enforcement and compliance program policies and priorities to achieve EPA's mission to protect human health and the environment for all people, including minority and low-income communities.

Conduct environmental justice program reviews. EPA will develop EJ program review protocols and begin conducting these reviews to determine whether or not the Agency's programs, policies, and activities identify and address environmental justice concerns. These efforts will establish a sound basis for ongoing program evaluation of the EJ impacts of Agency actions.

Continue to manage its Environmental Justice Small Grants (EJSG) and Collaborative Problem-Solving (CPS) Cooperative Agreement programs. The EJSG and CPS grant programs provide direct financial assistance to communities with EJ concerns. The grant programs build the communities' capacity to achieve measurable, significant environmental and public health improvements in their communities.

Continue to assist EPA programs, and other environmental organizations, and government agencies in the delivery of customized training to increase the capacity of their personnel to effectively address issues of environmental justice. By developing new approaches and tools to deliver more refined training on environmental justice, EPA will increase the capacity of its staff to consider environmental justice issues in the Agency's decision making process.

Use alternative dispute resolution (ADR) to address disputes by training local community organizations on its use. EPA continues to provide training to community-based organizations and Tribes in all ten EPA regions on the use of ADR to address EJ issues. The training will empower community representatives to utilize consensus-building processes that can resolve environmental disputes in more efficient and constructive ways.

FY 2008 Congressional Increase, +\$2.6 million; The following are activities not maintained in FY 2009:

The \$2.6 million Congressional directed increase in FY 2008 will be used to improve the environment and health of communities who are disproportionately impacted through direct funding to communities and through the strengthening of the Agency's environmental justice program. Approximately \$2.1 million will support grant programs that will build capacity in communities enabling them to address environmental health issues. Approximately \$300 thousand will support the integration of environmental justice considerations into the Agency's rulemaking processes, and \$200 thousand will support on-going improvements in the way Agency programs address environmental justice issues through the use of program evaluations.

#### CHESAPEAKE BAY

**Dicks Question 40.** The FY 2008 Omnibus directs the Agency to withhold \$5 million until the Agency implements the recommendations of the 2005 GAO report on the Chesapeake Bay. Provide a progress report on each recommendation and a list, with dollars, of the program-projects from which the \$5 million has been withheld pending implementation.

**Answer:** The 2005 GAO Report contained six recommendations for the Chesapeake Bay Program Office to work with its partners to improve the assessment, reporting and implementation of the Bay Program. Consistent with FY 2008 Omnibus Appropriations report language, a report will be submitted to the Senate and House Appropriations Committee and the Comptroller General that will demonstrate, with appropriate supporting evidence, that the GAO recommendations are being implemented. EPA expects to complete this report in the summer of 2008. As such, the Agency believes any hold back of Agency funding will be unnecessary.

The six GAO recommendations for the Chesapeake Bay Program are: (1) complete its efforts to develop and implement an integrated approach to assess overall restoration progress; (2) revise its reporting approach to include an assessment of the key ecological attributes that reflect the Bay's current health conditions; (3) report separately on the health of the Bay and on the progress made in implementing management actions; (4) establish an independent and objective reporting process; (5) develop an overall, coordinated implementation strategy that unifies the program's various planning documents; and (6) establish a means to better target its limited resources to ensure that the most effective and realistic work plans are developed and implemented.

The following is a status update for the recommendations. Recommendations 1-4 have been accomplished and work is underway on recommendations 5 and 6.

- Assessment and reporting approaches update (recommendations 1-4): The Chesapeake Bay Program has focused on improving its reporting of progress over the past three years, starting prior to the release of the GAO recommendations. In March

2005, the Chesapeake Bay Program released drafts of this new approach, separating into two parts the progress the partnership was making on restoration and the overall health of the Chesapeake Bay. Part One integrates indicators of the health of the Chesapeake Bay, the measure of ultimate success of the Chesapeake Bay Program, based on three priority areas: water quality, habitats and lower food web, and fish and shellfish. Part Two integrates indicators of restoration progress into easily understandable charts based on five key priority areas: reducing pollution, restoring habitats, managing fisheries, protecting watersheds, and fostering stewardship. The 2006 *Chesapeake Bay Health and Restoration Report* used the same format, but improved the assessment by addressing issues raised in a technical peer review by the Chesapeake Bay Program's Scientific and Technical Advisory Committee, filling gaps in the reporting, improving data timeliness, and responding to comments on the 2005 drafts. The 2007 *Chesapeake Bay Health and Restoration Report* will be available on or about March 31, 2008.

- Coordinated implementation strategy (recommendations 5 and 6): The FY 2008 Omnibus Appropriations report language further expanded the expectations of the GAO recommendations by including language regarding a "Chesapeake Action Plan" and included specified elements such as realistic annual targets, implementation activities and funding sources, and a process to track progress. EPA and the Chesapeake Bay Program partners are currently developing the implementation action plan. The Chesapeake Action Plan will enhance the partnership's adaptive management process to track and measure progress.

**Dicks Question 41.** Your Justification (p. 252) states that "Progress on Bay restoration must be accelerated substantially as the restoration goal of 2010 approaches." Yet your request for this program is a decrease from FY 2008. Explain how a reduction in resources will accelerate the program.

**Answer:** The FY 2009 President's Budget requests \$29,001,000 for the Chesapeake Bay Program Project, the highest level ever requested. One of EPA's key roles in the Chesapeake Bay Program Partnership is to coordinate and provide technical resources to the states for their implementation efforts. With the inclusion of \$8,000,000 to continue the innovative nutrient reduction grants program, a significant portion of this budget will go to on-the-ground implementation activities that will help accelerate the cleanup of the Bay and its watershed.

**Dicks Question 42.** Of the performance targets listed in the Justification for the Chesapeake Bay Program, the nitrogen removal target seems to lag considerably behind the others. What budget increases have you proposed to ensure you achieve a better percentage of the goal?

**Answer:** Nonpoint source pollution (primarily from agriculture and stormwater runoff from developed and developing lands) is the primary source of nitrogen pollution to the Bay, with agriculture accounting for approximately 40% of the total nitrogen loads to the Bay. Point sources account for approximately 20% of the nitrogen loads to the Bay with atmospheric deposition contributing another 25%. Advanced nitrogen removal technologies are scheduled to

come into operation at a number of additional Maryland, Virginia and Pennsylvania municipal wastewater treatment facilities in the next two years. Through the combined efforts of EPA and its state partners, the Bay Program is currently on track to meet 95% of the point source nitrogen goal by 2010. While the Bay partners have significantly reduced nonpoint source pollution loads to the Bay, these reductions have lagged behind the point source reductions, due in large part to the greater complexity of controlling nonpoint source pollution. To help the partners address these complexities, the President's budget request for the Chesapeake Bay Program (CBP) in FY 2009 continues an Innovative Nonpoint Source Reduction grants program, which began in FY 2008. The CBP plans to award the FY 2008 funds to a third party organization by June 20, 2008 to manage a subaward program. Once EPA has awarded its grant, the recipient will issue a Request for Proposals for innovative nutrient and sediment reduction projects by late summer.

## GREAT LAKES

**Dicks Question 43.** Of the 58 FTE included in the Great Lakes National Program Office, how many are dedicated to implementation of the Great Lakes Legacy Act and the clean-up of Areas of Concern?

**Answer:** The Great Lakes National Program Office devotes 18 FTE to implementation of the Great Lakes Legacy Act and other activities related to the cleanup of Areas of Concern. Other programs and offices, such as Superfund and the Office of Water's Combined Sewer Overflow (CSO) program also contribute expertise and assistance.

**Dicks Question 44.** What actions have you taken to address the GAO concerns that the staffing resources in the Great Lakes program do not match the complexity of the program and are insufficient to administer the program?

**Answer:** EPA has added staff to support key aspects of the program, particularly Legacy Act implementation and efforts to de-list Areas of Concern. EPA has increased management oversight in these areas, including the addition of a Government Performance and Results Act measure with targets for de-listing of individual beneficial use impairments in the Areas of Concern. In addition, through the Interagency Task Force and the Great Lakes Regional Working Group, EPA is supporting increased interagency coordination and collaboration on eight key Great Lakes issues: Aquatic Invasive Species; Habitat/Species; Coastal Health; Areas of Concern/Sediments; Nonpoint Source; Toxic Pollutants; Indicators and Information; and Sustainable Development.

## LONG ISLAND SOUND

**Dicks Question 45.** The Justification for the reduction from the FY 2008 level for the Long Island Sound Program is that it returns the program to the “baseline”. How was the appropriate “baseline” determined?

**Answer:** Section 119 of the Clean Water Act, as amended in 1990, established EPA’s Long Island Sound Office, located in Stamford, Connecticut. Baseline funding includes funds necessary for the operation and maintenance of the Long Island Sound program office, which helps implement the Long Island Sound Comprehensive Conservation and Management Plan (CCMP). Due to the bi-state nature of the Management Conference partnership established by the Act, the CCMP envisioned that the partners would contribute from other federal and many non-federal sources of funding to implement the CCMP to restore and protect Long Island Sound. The base funds maintain the operation of the Office, which coordinates the Management Conference partnership in implementing the CCMP.

**Dicks Question 46.** The Justification lists six critical environmental problems identified by the CCMP on Long Island Sound. How will the FY 2008 increase be used to address these six problems?

**Answer:** The FY 2008 increase will address these problems (the effects of hypoxia on the ecosystem; the impacts of toxic contamination in the food web and on living resources; pathogen contamination and pollution; floatable debris deposition; the impacts of habitat degradation and loss of the health of living resources; and the effects of land use and development on the Sound, its human population and public access to its resources) through implementation of targeted activities agreed to by the partnership of federal, state, local and municipal agencies, citizens, scientist, and business and industry representatives that comprise the Long Island Sound Study (LISS).

In particular, the Long Island Sound Stewardship Initiative has identified 33 places with significant biological, scientific, or recreational value throughout the Sound. The LISS will use 2008 funding to:

- Protect and enhance these special places;
- Support the Long Island Sound water quality monitoring program conducted by Connecticut, which is critical to assessing the impacts of hypoxia, or lack of dissolved oxygen, on living marine resources in the Sound;
- Support scientific research on Long Island Sound food webs and study the potential impacts of global climate change on the ecology of the Sound and its dependent species and ecosystems;
- Support the Long Island Sound Futures Fund (a Federal Grant Program that implements priority actions) through on-the-ground projects to restore coastal habitats



in Connecticut and New York, limit or control invasives, improve watershed planning and stewardship, and conserve native species; and

- Increase public awareness of the health of Long Island Sound through environmental and ecosystem indicator reports and educational projects.

#### PUGET SOUND

**Dicks Question 47.** Outline the work you plan in 2008 in Puget Sound this year, including a break out of how you will use the \$20 million provided in the FY 2008 funds.

**Answer:** EPA Region 10 is working in collaboration with the Puget Sound Partnership in the development of the spending plan for the FY 2008 appropriation for Puget Sound. The primary sources of funds are approximately \$19.7 million (after the rescission) for the Puget Sound line item and approximately \$592 thousand from the National Estuary Program (NEP).

The 2020 Action Agenda for Puget Sound, which will serve as an update/replacement for the current Comprehensive Conservation and Management Plan, is being developed and is scheduled to be completed in September 2008. The base NEP grant will be used to assist in the development of the Action Agenda. In addition, EPA plans include the following near term activities, which will be funded with the Puget Sound line item included in the FY 2008 Omnibus:

- A formal Science Panel is part of the Puget Sound Partnership and is charged with the development of an ecosystem level strategic science program. Costs for the development of the science program are estimated at \$250 thousand.
- Significant science work (*e.g.*, research, special studies and development of a fate and transport model for key toxics like PCBs) is needed in the near term to inform the development of the Action Agenda. Much of this work is either currently underway or has been scoped out but not been initiated. EPA and the Partnership will review current work/proposals against a set of criteria and, in consultation with the Science Panel, provide funding for critical work that will inform the Action Agenda. The collective total for this work is estimated at \$4-5 million.
- The Puget Sound tribes have been actively engaged in the development of the Action Agenda and EPA has provided financial support for their participation to date. The tribes are seeking additional financial support to participate in the completion of the Action Agenda. EPA is currently in discussions with the tribes regarding the level of funding and the scope of the work.
- Monitoring and data management/integration are essential to understanding and reporting on the health of Puget Sound and to track progress in implementing the Action Agenda. There are currently efforts underway to develop a more robust

monitoring program for Puget Sound as well as improve sharing of ecosystem health data. Up to \$1.5 million will be directed to accelerate and/or fund critical work.

- Critical increased work related to the Action Agenda that is internal to EPA includes grants and contract management; permitting/compliance monitoring and enforcement for Federal and tribal facilities and stormwater; and intergovernmental engagement and coordination (Federal Caucus, tribes and Canada). EPA has identified 5 FTE of staffing, which will be assigned two-year term appointments to carry out this important work. EPA is also considering interagency agreements with other Federal agencies to capitalize on their strengths related to the Action Agenda. Total estimated costs are \$981 thousand.
- The remainder of the FY 2008 money (\$10-12 million) will be directed to the highest priority actions listed in the Action Agenda. While it is anticipated that this money will go to the Partnership as an amendment to their Cooperative Agreement, it is also possible that one or more actions could take the form of an Interagency Agreement.

**Dicks Question 48.** It is my expectation that you will work closely with the Puget Sound Partnership to ensure the Fiscal Year 2008 funds are targeted to the projects with the most potential for impact. Clearly there is a need to conduct more research much like what we have done to study the dissolved oxygen problems in Hood Canal. What research gaps has your staff identified and how can we begin to fill those gaps?

**Answer:** EPA is working closely with the Puget Sound Partnership to ensure the FY 2008 funds are targeted to the projects with the most potential for impact. Monitoring and data management/integration are essential to understanding and reporting on the health of Puget Sound and to track progress in implementing the Action Agenda. A nine member Science Panel chosen from top scientists in Washington State has been appointed by the Leadership Council and has been tasked to develop an ecosystem level strategic science program. EPA is planning to allocate approximately \$250 thousand of the FY 2008 Puget Sound line item to this activity. Once completed, this plan will guide Puget Sound research.

In 2008, specific research projects will be identified by EPA and the Puget Sound Partnership that are critical to informing the development of the 2020 Action Agenda. Priority research projects will be funded by Federal, state, and other participants in the Puget Sound Partnership. A portion of the FY 2008 appropriations (estimated at \$4-5 million) for Puget Sound will be used to fund such projects. A more detailed listing of research projects funded with the FY 2008 appropriations will be available in May 2008.

#### GEOGRAPHIC PROGRAMS

**Dicks Question 49.** Geographic Programs: Gulf of Mexico: What resources would you need to continue implementation of the Phase II regional action plan (p. 267)?

**Answer:** The FY 2009 Request of \$4,578,000 provides start-up resources to assist the five Gulf States with implementation of a Phase II five-year Regional Action Plan including working toward collaborative priorities addressing the ecological and economic health of the Gulf of Mexico. The Gulf States Governors' Alliance developed the technical framework of the Phase II Regional Action Plan.

**Dicks Question 50.** Geographic Programs: Other:- In the last year of available data, how many grant applications were received for the CARE program and how many awarded?

**Answer:** The last year of available data is the FY 2007 grant cycle. For that year, the Community Action for a Renewed Environment (CARE) program received 127 grant applications and awarded 22 grants.

**Dicks Question 51.** Regional Geographic Initiatives: Of the \$4.8 million requested, provide the amount, by Region which supports the 17 FTE and the amount that will be awarded as grants?

**Answer:** Of the \$4.844 million requested, the Agency will use \$2.384 million to support the 17 Full Time Equivalent in FY 2009 (see table below). The remaining \$2.46 million will be equally distributed among the Regions to support high priority Regional projects. RGI projects will be awarded in the form of assistance agreements (grants, cooperative agreements, and fellowships), contracts, and interagency agreements. Decisions to fund RGI projects are based on Regional specific priorities and not on the vehicle in which to award funding. Therefore it is difficult to predict the exact funding for assistance agreements in FY 2009. However, based on past funding trends the Agency estimates that approximately 50% of the \$2.46 million funds will go towards assistance agreements.

Region	Payroll (\$ in thousands)	Expenses	Total
Region 1	\$167.0	\$209.0	\$376.0
Region 2	\$0	\$204.0	\$204.0
Region 3	\$299.0	\$204.0	\$503.0
Region 4	\$0	\$204.0	\$204.0
Region 5	\$333.0	\$204.0	\$546.0
Region 6	\$182.0	\$204.0	\$386.0
Region 7	\$244.0	\$204.0	\$448.0
Region 8	\$0	\$204.0	\$204.0
Region 9	\$51.0	\$204.0	\$255.0
Region 10	\$672.0	\$235.0	\$907.0
HQ	\$436.0	\$375.0	\$811.0
<b>Total</b>	<b>\$2,384.0</b>	<b>\$2,460.0</b>	<b>\$4,844.0</b>

*Expenses include contracts, grants, and travel.*

**Dicks Question 52.** Regional Geographic Initiatives: If not all the grants will be awarded under a competitive process, provide the amount by Region expected to be awarded at the discretion of the Agency, absent a competition.

**Answer:** Since Regional Geographic Initiatives (RGI) projects are funded based on specific Regional needs and priorities and can be funded through various vehicles, it is difficult to predict how much funding will be awarded to assistance agreements in FY 2009. However, based on past funding trends since FY 2004 the Agency estimates that approximately 15% of the \$2.46 million funds will go towards non-competed assistance agreements (grants, cooperative agreements, and fellowships). RGI assistance agreements, when awarded, are consistent and compliant with the Agency's Competition Policy. In instances when an RGI assistance agreement is funded absent competition, the Regions are compliant with non-competitive assistance agreements actions as prescribed in the Competition Policy ([http://www.epa.gov/ogd/competition/5700\\_5A1.pdf](http://www.epa.gov/ogd/competition/5700_5A1.pdf)).

#### WaterISAC

**Dicks Question 53.** For FY 2008, which entity has been selected to manage the WaterISAC program and what type of funding vehicle has been used?

**Answer:** Consistent with Agency practice, EPA intends to compete the cooperative agreement for operation of the water sector information sharing and analysis services. The Agency is in the process of developing a request for applications. The FY 2008 appropriation language states: "[w]hile the Agency is not directed to implement the *WaterISAC* program through a grant to the Association of Metropolitan Water Agencies, as outlined in Senate Report 110-91, given AMWA's experience, the Agency is encouraged to consider this option." The Agency's goal is to make an award by the end of the fiscal year. To ensure continuity of services until an award is made, EPA plans to supplement the existing AMWA agreement.

**Dicks Question 54.** WaterISAC appears to have a unique ability to reach a wide range of water utility professionals. How many such professionals are currently served by WaterISAC?

**Answer:** As of December 31, 2007, the Water Information Sharing and Analysis Center (WaterISAC) Pro (fee-based service) had 513 water and wastewater utility subscribers, which together serve 60% of the U.S. population. WaterISAC Pro provides subscribers with: alerts about physical or cyber attacks and threats; information from Federal law enforcement, intelligence, public health, and environment agencies; access to contaminant databases and an extensive library of water security resources; and the ability to report incidents securely.

As of December 31, 2007, WaterISAC Basic (free service) had 12,539 affiliates who received notices and had access to WaterISAC Basic services. The WaterISAC Basic provides subscribers with access to real-time notification of security bulletins, e-newsletters, on-line

resources, mutual aid and assistance information, and access to previously distributed security bulletins and notices.

#### INDOOR AIR: RADON PROGRAM

**Dicks Question 55:** With a workyear ceiling of 40, this appears to be a rather staff intensive program. Why are so many staff needed to alert the public to the dangers of radon, particularly in light of the “partnering” the program does with national organizations to conduct outreach?

**Answer:** Indoor radon poses significant risks to human health and EPA estimates that about 20,000 lung cancer deaths each year in the United States are related to indoor exposure to radon. The voluntary Indoor Radon Program promotes radon awareness, testing, use of radon-resistant new construction techniques, and installation of radon mitigation systems in existing homes.

The workyear ceiling of 40 FTE is targeted to three areas. There are approximately 10 headquarters FTE supporting the national framework of the Radon Program. EPA uses its radon resources, primarily FTE and limited contract dollars, to carry out its national leadership of the Federal/state/private partnership/coalition addressing national radon risk. EPA targets its efforts to technical assistance and outreach activities designed to increase the public-health effectiveness of state and private efforts. This includes support for national public information campaigns that attract millions of dollars in donated air time, identification and dissemination of “best practices” from the highest achieving states for transfer across the nation, technical assistance to local and state governments working on increasing action during real estate transactions, working with homebuyers, sellers, and homebuilders to increase radon resistant new home construction, technical assistance to support development and adoption of national voluntary standards (e.g., mitigation and construction protocols) for adoption by states and the radon industry, and numerous other activities strategically selected to promote individual action to test and mitigate homes and promote radon-resistant new construction.

The national activities are supported across the ten Regional EPA offices with approximately 2.5 FTE per Region and no contract dollars. The Regional radon workforce provides outreach, technical support, and training to state, local, and non-profits. The Regional workforce is also charged with managing the \$8 million State Indoor Radon Grant (SIRG) program.

Three FTE in the Radiation and Indoor Environments National Laboratory in Las Vegas provide radon technical assistance services to support local, state, and Federal radon programs as well as radon laboratory inter-comparisons and device accuracy and precision verification exposures to support privatized radon proficiency programs. The lab also targets radon testing and mitigation outreach to community-based environmental justice partners.

## ENVIRONMENTAL EDUCATION

**Dicks Question 56.** According to the Justification (p.302), 19.6 FTE associated with the Environmental Education program in FY 2008, have been moved to other programs within the Office of the Administrator. Provide a table that shows the programs-projects into which the FTE were moved and include associated payroll funds.

**Answer:** The following chart represents the proposed transfer of FTE to other programs estimated in FY 2009 from the Environmental Education program in FY 2008.

PROGRAM PROJECT	FTE	PAYROLL
Congressional , Intergovernmental, and External Relations	13.6	\$1,770,800
Small Business Ombudsman	2.0	\$260,400
Small Minority Business Assistance	2.0	\$260,400
Children and Other Sensitive Populations	2.0	\$260,400

*Assumes average cost per FTE is \$130,205.8*

**Dicks Question 57.** Provide a table that shows the FY 2008 budget allocation by area authorized in the Environmental Education Act.

**Answer:** The FY 2008 Enacted level (post-rescission) is \$8,860,000 and will be distributed by area authorized in the Environmental Education Act as follows:

Environmental Education Act Distribution by Area <i>Dollars in thousands</i>	
SECTION	FY 2008 Enacted
Sect 4 Office of Environmental Education	\$2,215.0
Sect 5 Environmental Education and Training	\$2,215.0
Sect 6 Environmental Education Grants	\$3,366.8
Sect 8 Environmental Education Awards	\$177.2
Sect 10 Environmental Education Foundation	\$886.0
<b>Total</b>	<b>\$8,860.0</b>

**Dicks Question 58.** What percentage of the grant applications that you received in FY 2007 were you able to fund?

**Answer:** In FY 2007, the Office of Environmental Education funded less than 10 percent of the grant applications received.

## IMPORT SAFETY

**Dicks Question 59.** You are requesting \$3.1 million in EPM for a new integrated trade data system. Provide the total amount, by year, of the expected cost of the system—both development and maintenance. If other Federal agencies are providing funds to develop this data system, provide by Agency the amount they have budgeted for FY 2009.

**Answer:** The International Trade Data System (ITDS) is the federal government-wide framework under which 40 executive branch agencies interface with the Bureau of Customs and Border Protection's (CBP) trade information management system, known as the Automated Commercial Environment (ACE). Participation in ITDS is required for all government agencies with import/export responsibilities by H.R. 4954 (SAFE Port Act of 2006) and Executive Order 13439.

Six program offices at EPA have cargo import and export control responsibilities, including engines, fuels, ozone depleting substances, toxic substances, pesticides, and hazardous waste. Under ITDS, EPA is working with CBP to improve the shared business operations for clearing cargo and access to the data needed to make import and export control decisions. The \$3.1 million requested in FY 2009 will be used for the development of information technology infrastructure needed for the two agencies to share the relevant data efficiently and securely. EPA will also need these resources to modify existing policies and regulations required to convert from paper to electronic reporting and implement other changes to the Agency's import and export control operations. According to its preliminary estimate, EPA expects that it will need an additional \$12 million beyond FY 2009 to complete the work required for all six programs to interface with ACE. Over the next six months, as EPA specifies its requirements, it will prepare a more refined estimate. EPA will have a better estimate of operations and maintenance costs as this initial phase ends.

EPA is not the lead Agency for ITDS and does not have access to the amounts budgeted by other federal agencies. Note that according to the January 2008 ITDS Report to Congress, [http://www.itds.gov/linkhandler/itds/toolbox/library/resource\\_documents/itds\\_rpt.ctt/itds\\_rpt.pdf](http://www.itds.gov/linkhandler/itds/toolbox/library/resource_documents/itds_rpt.ctt/itds_rpt.pdf), each agency participating in ITDS separately budgets its own resource needs.

**EPA RESOURCES**  
(Dollars in Millions)

	FY 2008	FY 2009
Development	0.5	2.0
Maintenance	0.0	0.075
Other*	0.5	1.025
<b>Total</b>	<b>1.0</b>	<b>3.1</b>

\* Activities include but are not limited to the following: Business process analysis, Privacy impact assessments, Regulatory/policy analysis for associated rule/regulation changes, data standards and product code analysis.

**Dicks Question 60.** State and Local Prevention and Preparedness: According to the Justification (p. 317), the Agency will receive 10,000 updated Risk Management Plans in FY

2009. How many personnel are assigned to this task and what type of review do they conduct on that number of RMPs?

**Answer:** EPA's Regional offices are responsible for many aspects of implementing the Risk Management Plans (RMP) program. In FY 2009, the Agency plans to devote 38.6 regional FTE to implement various aspects of the state and local prevention and preparedness programs, including RMP reviews, industry compliance assistance, outreach and communication, and assistance to state and local implementing agencies. RMP reviews reflect a combination of desk audits and on-site facility audit/inspections. In FY 2008, the Agency will conduct at least 400 on-site inspections and audits. Also in FY 2008, EPA will continue to transition to a complete internet-based RMP submission. This transition, anticipated to be finished in early FY 2009, will reduce both the facilities reporting burden as well as enhance Agency review of updated RMPs.

#### INTERNATIONAL PROGRAMS

**Dicks Question 61.** International Programs: Your budget proposes a total restructuring of this budget program area. Provide a crosswalk between the two new programs and the prior year Program-Projects, including an explanation for any additional increases above the prior year.

**Answer:** Please see the spreadsheet labeled "*EPA Program Project Restructure*" for the response to this question.



**EPA Program Project Restructure  
(Total Dollars)**

House Appropriation Committee Request									
Appropriated EPM Funds by Program Project	FY 2009 CI \$	FTE	FY 2007 Actuals \$	FTE	FY 2008 Enacted \$	FTE	FY 2008 Enacted \$	FTE	FY 09 CI \$
<b>CEC</b>	\$4,137.0	7.4	\$4,208.8	6.1	\$4,022.0	6.4	\$3,962.0	6.4	\$0.0
<i>Env. &amp; Trade</i>	\$1,861.2	8.9	\$1,817.4	8.3	\$1,945.0	8.9	\$1,920.0	8.9	\$0.0
<b>Trade &amp; Governance</b>	\$3,998.2	16.3	\$6,026.2	14.4	\$5,957.0	15.3	\$5,882.0	15.3	\$6,216.0
<i>Sub-Total</i>									
International Capacity Building	\$6,390.3	37.1	\$7,210.8	34.9	\$5,311.0	27.1	\$5,238.0	27.1	\$0.0
POPs Implementation	\$1,808.7	12.3	\$1,682.4	9.9	\$1,831.0	11.3	\$1,888.0	11.3	\$0.0
US Mexico Border	\$6,061.0	24.2	\$5,790.7	22.0	\$4,646.0	21.2	\$5,439.0	21.2	\$0.0
<b>International Source of Pollution</b>									\$9.6
<i>Sub-Total</i>	\$14,260.0	73.6	\$14,683.9	66.8	\$17,788.0	59.6	\$12,475.0	59.6	\$12,408.0
<b>Totals</b>	\$20,258.2	89.9	\$20,710.1	81.2	\$17,755.0	74.9	\$18,357.0	74.9	\$18,624.0

**FY 2009 Congressional Justification (Changes from FY 2008 Enacted)**

Explanation of Change	
\$	FTE

**Trade and Governance**

**CEC**

- FY 08 Enacted

\$3,962.0 6.4

**Env. & Trade**

- FY 08 Enacted

\$1,920.0 8.9

- Change reflects EPA's workforce management

- Increase for payroll and cost of living for existing FTE

\$90.0

- Reflects restoration of the 1.56% recession to all program projects in addition to small technical changes such as realignment of IT, travel or other support costs across programs.

\$244.0

**Total, Trade & Governance FY09 C3**

**\$6,216.0 16.3**

**International Sources of Pollution**

**International Capacity Building**

- FY 08 Enacted

\$5,228.0 27.1

**POPs Implementation**

- FY 08 Enacted

\$1,808.0 11.3

**US Mexico Border**

- FY 08 Enacted

\$5,439.0 21.2

- Increase for payroll and cost of living for existing FTE

\$584.0

- Reflects restoration of the 1.56% recession to all program projects in addition to small technical changes such as realignment of IT, travel or other support costs across programs.

(\$651.0)

**Total, International Sources of Pollution FY09 C3**

**\$12,408.0 59.6**

## IT/DATA MANAGEMENT

**Dicks Question 62:** IT/Data Management: Provide a more detailed break out, with comparisons to prior years, of the almost \$100 million you are requesting for this program.

**Answer:** Information Technology/Data Management (IT/DM) program supports the development, collection, management, and analysis of environmental data (to include both point source and ambient data) to manage statutory programs and to support the Agency in strategic planning at the national, program, and regional levels. IT/DM provides a secure, reliable, and capable information infrastructure based on a sound enterprise architecture which includes data standardization, integration, and public access. IT/DM manages the Agency's Quality System ensuring EPA's processes and data are of quality and adhere to Federal guidelines. And IT/DM supports regional information technology infrastructure, administrative and environmental programs, and telecommunications.

The work performed under IT/DM encompasses more than 30 distinct activities. For descriptive purposes they can be categorized into the following major functional areas:

- **Information Access** – These activities are principally geared toward making environmental information accessible to all users. This includes: access to Environmental Indicators; support for Toxics Release Inventory (TRI) data; a major role in electronic government (eGov) activities such as to improved Freedom of Information Act (FOIA) activities using electronic workflow management, and eRule – a Web-based system to facilitate, and provide greater public access to, Federal rulemakings; and development of analytical tools to help users understand the meaning of environmental data. It includes facility data collected from numerous federal programs, and tools to help those who use information from a variety of sources to reconfigure that data so it can be easily compared and analyzed.
- **Geospatial Information and Analysis** – These activities provide place-based analysis of environmental conditions and trends across the country. A broad range of data pertinent to specific places (facilities, roads, waste sites, etc.) and natural features (wetlands, soil types, hydrographic features, etc.) has been cataloged and can be accessed digitally, or viewed as overlays on maps. Geospatial information and analysis play a critical role the Agency's ability to rapidly and effectively respond in times of emergency. Additionally, geographic location is becoming a key way to access EPA digital data and documents, and the Agency is in the process of building tools that will allow Web-users to retrieve relevant documents by specifying a location that they are interested in. Implemented as a holistic, enterprise solution, these projects also save money, assure compatibility, and reduce the need for multiple subscriptions to software, data and analytical services.
- **Envirofacts** – This area supports a single point of access to EPA databases containing information about environmental activities that may affect air, water, and land anywhere in the United States; houses data that has been collected from regulated entities and the states; and makes that data accessible to environmental

professionals, the regulated community, citizens groups, and to state and EPA employees through an easy-to-use, one-stop access point. Its components include databases and applications that make integrated environmental information available to all EPA stakeholders. Envirofacts directly supports the Agency's strategic goal of fulfilling Americans "Right-to-Know" about their environment which in turn supports EPA's mission to protect human health and the environment. It also supports integrated data access, a key component in the planned enterprise architecture that will support EPA's current and future business needs. Envirofacts is also being used to help plan and conduct multi-media inspections, and to support emergency response and planning.

**IT/Information Management (IT/IM) Policy and Planning** – These activities ensure that all due steps are taken to reduce redundancy among information systems and data bases, streamline and systematize the planning and budgeting for all IT/IM activities, and monitor the progress and performance of all IT/IM activities and systems. This category includes EPA's implementation of an Enterprise Architecture and the Capital Planning and Investment Control process (CPIC), to assist the Agency in making better informed decisions on IT/IM investments and resource allocations. These activities also include the Agency's quality system, which is the basis for ensuring that the Agency's data and information are sufficient for supporting Agency decisions and of appropriate quality for use.

**Electronic Records and Content Management** – These activities primarily create the systems, and establish and maintain the processes, to convert paper documents into electronic documents, to convert paper-based processes into systems that rely less on paper documents, and to manage the electronic documents. By doing so, these activities reduce costs, improve accessibility, and improve security for all of the documents entered into the system. Electronic documents do not take up storage space, and do not need a filing staff to locate documents for customers, and then re-file them after they are used. A single copy of an electronic document can be accessed simultaneously by numerous individuals, and from virtually any place on the planet.

**Internet Operations and Maintenance (IOME)** – These activities implement and maintain the EPA Home Page ([www.EPA.gov](http://www.EPA.gov)) and over 200 top-level pages that facilitate access to the many information resources available on the EPA Web site. In addition, IOME provides the funding to support Web hosting for all of the Agency's Web sites and pages. The EPA Web site is the primary delivery mechanism for environmental information to EPA staff, partners, stakeholders and the public, and is becoming a resource for emergency planning and response.

**Information Reliability and Privacy** – These activities support Agency-wide efforts to ensure that all of the data collected by the Agency comes from reliable sources, is stored in a manner that is consistent with its security needs, and is only made available to those who are authorized to have access. These efforts apply to environmental information, including data that is submitted by and shared among the

states, tribes and territories, as well as other types of information, such as business information that is reported by various industry communities, and personal information for all EPA employees.

- **IT/IM Infrastructure** – These activities support the information technology infrastructure, administrative and environmental programs, and telecommunications for all EPA employees and other on-site workers at over 100 locations, including EPA Headquarters, all ten regions, and the various labs and ancillary offices. More specifically, these activities provide what is known as “workforce support,” which includes desktop equipment, network connectivity, e-mail, application hosting, remote access, telephone services and maintenance, web and network servers, IT related maintenance, IT security, and electronic records and data.

**IT/Data Management Resource Summary**  
(Dollars in Thousands)

	<b>FY 2007 Actual</b>	<b>FY 2008 Enacted</b>	<b>FY 2009 Pres Bud</b>
<b>TOTAL PROGRAM PROJECT</b>	<b>\$119,854.2</b>	<b>\$110,496.0</b>	<b>\$115,277.0</b>
Information Access	\$10,260.0	\$8,040.0	\$8,499.0
Geospatial	\$5,311.9	\$8,587.0	\$9,104.0
Envirofacts	\$3,158.6	\$3,092.0	\$3,614.0
IT/IM Policy & Planning**	\$21,839.8	\$12,605.0	\$17,032.0
Electronic Records & Content Management	\$7,819.9	\$5,030.0	\$3,028.0
Internet	\$8,258.8	\$7,047.0	\$7,997.0
Information Reliability & Privacy	\$1,658.7	\$ 969.0	\$1,142.0
IT/IM Infrastructure	\$61,546.5	\$65,126.0	\$64,860.0

\*\* FY 2007 actuals for IT/IM Policy and Planning contain payroll charges that, for FY 2008 and FY 2009, have been realigned to better reflect the activities they support.

#### PERFORMANCE TRACK

**Dicks Question 63.** Performance Track: Provide the FY 2007, 2008 and 2009 funding levels for this program and include an explanation as to why this program should receive a 40% increase in 2009 over 2008.

**Answer:**

**Performance Track Funding**  
(dollars in thousands)

<b>FY 07 Enacted</b>	<b>FY 08 Enacted</b>	<b>FY 09 President's Budget</b>
\$7,100	\$6,181	\$7,175

- The Performance Track funding levels shown above include extramural, travel, working capital fund, and HQ and Regional FTE personnel compensation and benefits resources, all of which represents a 16% increase from the FY 2008 Enacted level.
- As a result of the reductions sustained to the Regulatory Innovation program project in the FY 2008 Enacted budget, the Performance Track program was downsized and its expansion halted. In FY 2009 EPA requests that Performance Track, as well as the other programs in the Regulatory Innovation program project, be returned to approximately their FY 2007 Enacted funding levels.
- Performance Track is one of many policy approaches EPA utilizes to achieve environmental results. This program complements other environmental protection tools, functioning as an adjunct to regulatory programs or to filling in where a regulatory approach is not appropriate or feasible. Through a combination of these approaches, the Agency has achieved environmental benefits. The FY 2008 Enacted budget reduction to the Performance Track program has impacted the program's ability to support state and local level programs and expansion of the program's membership.

#### OPERATIONS AND ADMINISTRATION

**Dicks Question 64.** Facilities Infrastructure and Operations: Your EPM request includes \$6.4 million for Regional moves. Provide a break out of this request (all accounts) by Region, the reasons for each move, and compare the new square footage to the prior space.

**Answer:** Leases are expiring for EPA's Seattle Regional Office (7/31/09) and San Francisco Regional Office (9/30/2009). Working with GSA, we anticipate that both offices will relocate to new facilities based on competitive lease opportunities in each city. The regional move budget also includes resources for both Boston and Denver's new furniture leases.

FY 2009 REGIONAL MOVE BUDGET						
Location	Move Status	EPM	Superfund	Current Sq Ft	Replacement Sq Ft	Comments
Region 1: Boston	Complete in FY 2008	\$1,034.00	\$404.00	N/A	195,901	New Furniture lease costs. Lease expires FY 2012
Region 8: Denver	Complete in FY 2007	\$1,006.00	\$392.00	N/A	197,862	New Furniture lease costs. Lease expires FY 2013
Region 9: San Francisco	Estimate FT 2010	\$560.00	\$240.00	219,203	249,000	Design costs

Region 10: Seattle	Estimate FY 2009/10	\$3,837.00	\$1,469.00	135,590	151,000	Move costs
<b>Total</b>		<b>\$6,437.00</b>	<b>\$2,505.00</b>			

Region 9 – The increase in sq. ft. realigns cubical space from 60 sq. ft/cube to 80 sq. ft/cube. This aligns space utilization in San Francisco (Region 9) with HQ space utilization.

Region 10 -- The region has approximately 150,000 rentable square feet (rsf) today and the approved prospectus was for 172,000 rsf. This prospectus was approved through GSA. The primary difference is an addition of 6,500 usable square feet (usf) to the special spaces, e.g. computer center, libraries, Public Environmental Research Center, mail/supply room, and shipping/receiving areas. In addition, the R/U factor has been increased to 1.15 instead of the 1.08 in the current building. The 1.15 R/U factor is standard for the market today.

**Dicks Question 65.** Facilities Infrastructure and Operations: Assuming that the long-term space plan was completed at the end of FY 2007, as you told us last year, how are the results of that study reflected in your FY 2009 budget?

**Answer:** These savings are reflected in the Agency's 2009 Rent request. Efforts to evaluate and minimize the Agency's real property footprint are ongoing. To date, the Agency has found approximately 300,000 square feet of office space that could be released; two thirds of that space has already been released and the rest is in the process of being released. These efforts produced a cumulative cost avoidance of \$17 million through FY 2009.

**Dicks Question 66.** Central Planning, Budgeting and Finance: Provide the 2007, 2008 and 2008 (sic; 2009) budget for the (FinRS) project, including carryover balances brought into each year and the estimated carried over from 08 into 09.

**Answer:** EPA awarded the contract for the Financial System Modernization Project (FSMP) in February 2007, and received a bid protest. GAO sustained the bid protest in part in June 2007, and EPA is currently taking corrective action consistent with the GAO decision. The large amount of funds carried across fiscal years is a result of the delay in resolving the bid protest. We expect the corrective action to be completed by the end of April 2008. Once the protest is resolved, we will immediately begin the Product Acceptance Test which we estimate to take 3 to 4 months. Consequently, we anticipate beginning Phase I of the implementation by September 2008. We will need to obligate the Phase I funds at that time and, therefore, anticipate obligating all available funds in 2008. During FY 2007, EPA continued with project planning activities that are independent of the contractor selected. These activities included developing project management processes and procedures; documenting "as is" business practices and identifying opportunities for improvement; design and initial development of key interfaces; aligning data elements to conform to FmLOB standards; preparing for Product Acceptance Testing; enhancing

data warehouse reporting; and performing data verification. These activities will allow EPA to quickly move forward with the project once the bid protest is resolved.

Dollars in Millions			
	FY 07 OPP	FY 08 OPP	FY 09 Pres. Bud
New Obligational Authority	\$26.0	\$16.0	\$23.0
Carryover	\$ 8.0	\$26.0	\$ 0.0
<b>Total Available</b>	<b>\$34.0</b>	<b>\$42.0</b>	<b>\$23.0</b>

**Dicks Question 67.** Acquisition Management: Update the information provided last year on the budget (investment and O&M costs) and scheduled deployment of the new Acquisition Management System.

**Answer:** The following chart illustrates the development and deployment schedule for the new Acquisition Management System.

EPA Acquisition System (Dollars in Millions)			
	FY 2007 Enacted	FY 2008 Enacted	FY 2009 PB
Investment Costs	\$4.0	\$6.0	\$5.0
Operations and Maintenance	\$0.0	\$0.0	\$1.0
<b>Total</b>	<b>\$4.0</b>	<b>\$6.0</b>	<b>\$6.0</b>

**FY 2008**

- Plan implementation (investment)
- Business Process Review (investment)
- Integrated Baseline Review (investment)
- System Configuration (investment)
- System Integration Build (Financial and Integrated Acquisition Environment Systems) (investment)
- Training Development (investment)
- Data Migration Planning (investment)

**FY 2009**

- Testing (investment)
- Certification and Accreditation (investment)
- Data Migration (investment)
- Train users (investment)
- System Deployment/Implementation (investment)
- Operations and Maintenance

**Dicks Question 68.** Financial Assistance Grants/IAG Management: Congratulations on removing Grants Management as a Material Weakness for the Agency. That took years of hard work and staff time and the Agency should be proud of this achievement. In order to ensure the effort continues, provide the number of FTE devoted to grants management, by Headquarters and Regions, for FY 2007-2009.

**Answer:** The below chart provides the FTE allocations for Grants Management.

GRANTS MANAGEMENT FTE			
OFFICE	FY 2007 Obligations	FY 2008 Enacted	FY 2009 Pres Bud
REG 1	39.9	39.9	39.9
REG 2	57	57	57
REG 3	49.7	49.7	49.7
REG 4	65.5	65.5	65.5
REG 5	56.8	56.8	56.8
REG 6	60.9	60.9	60.9
REG 7	30.6	30.6	30.6
REG 8	43.7	43.7	43.7
REG 9	75	75	75
REG 10	46.2	46.2	46.2
HQ	163.5	163.5	163.5
<b>TOTAL</b>	<b>688.8</b>	<b>688.8</b>	<b>688.8</b>

**Dicks Question 69:** Financial Assistance Grants/IAG Management: What percentage of EPA's 2009 budget is expected to be awarded as Grants and IAGs and how does that compare that to prior years?

**Answer:** The chart below displays the portion of the budget that will be used for Grants and IAGs.



EPA Grants Budget as a Percentage of Total Budget <i>Dollars in Thousands</i>			
	FY 2007 Actual Obs	FY 2008 Estimate	FY 2009 Estimate
<b>Total Grants</b>	\$3,601,224.0	\$3,365,144.5	\$2,935,665.0
<b>IAGs</b>	\$597,000.0	\$600,000.0	\$600,000.0
<b>Total Budget \$</b>	\$7,911,371.9	\$7,472,324.0	\$7,142,520.0
<b>% Grants/IAGs</b>	53.1%	53.1%	49.5%

#### PESTICIDES LICENSING

**Dicks Question 70.** Pesticides Fees: In light of the reauthorization of PRIA, please summarize the fee types and expected revenues assumed in your request and compare that to FY 2008. Please indicate any fees which require authorization or changes to existing authorization.

**Answer:** The FY 2009 President's Budget contains the following fee types and expected revenues:

##### **Pesticide Tolerance Fee**

A tolerance is the maximum legal limit of a pesticide residue in and on food commodities and animal feed. In 1954, the Federal Food, Drug, and Cosmetic Act (FFDCA) authorized the collection of fees for the establishment of tolerances on raw agricultural commodities and in food commodities. The collection of this fee has been blocked by the Pesticides Registration Improvement Act (PRIA) through 2012. Legislative language will be submitted to allow for the collection of Pesticide Tolerance fees in FY 2009 and the Administration will submit legislative language proposing to collect \$13 million in Pesticide Tolerance fees in FY 2009. No Tolerance fees were collected in FY 2008.

##### **Enhanced Registration Services Fee**

Entities seeking to register pesticides for use in the United States pay a fee at the time the registration action request is submitted to EPA specifically for accelerated pesticide registration decision service. This process has introduced new pesticides to the market more quickly. In FY 2009, the Agency expects to collect \$6 million in Enhanced Registration Service fees under current law. Legislative language will be submitted proposing to publish a new fee schedule to collect an additional \$12 million in FY 2009 to better align fee collections with program costs. Currently those who directly benefit from EPA's registration services cover only a fraction of the

costs to operate the program, leaving the general taxpayer to shoulder the remaining burden. \$12 million in Enhanced Registration Service fees were collected in FY 2008.

**Pesticides Maintenance Fee Extension**

The Maintenance fee provides funding for the Reregistration program and a certain percentage supports the processing of applications involving “me-too” or inert ingredients. Additionally fees can be applied to support registration review work. In FY 2009, the Agency expects to collect \$22 million in Maintenance fees under current law. Legislative language will be submitted to allow the collection of an additional \$23 million in order to more closely align fee collections with program costs to support the growing registration review work. The President’s Budget proposes to relieve the burden on the general taxpayer and finance the costs of operating the program from those who directly benefit from EPA’s activities. \$22 million in Maintenance fees were collected in FY 2008.

**Dicks Question 71.** Pesticides: Protect the Environment from Pesticide Risks: Your budget shows a 13 FTE reduction to this program. Why?

**Answer:** The reduction of 9 FTE reflects the completion of the non-food use Reregistration Eligibility Decisions (REDs) and transition to Registration Review in FY 2007. Through Registration Review, EPA is required to review each registered pesticide approximately every 15 years and this work can successfully be supported through increased Maintenance user fees of \$23 (being proposed through legislative language).

The remaining 4 FTE was a redistribution of regional resources within the pesticides program areas to effectively align resources within the new program architecture (3 FTE moved to Realize the Value of Pesticide Availability and 1 FTE moved to Protect Human Health from Pesticides Risk).

**Dicks Question 72.** Pesticides Container Recycling: The FY 2008 Senate Report and the Explanatory Statement accompanying the Omnibus urged the Agency to adopt a final rule within 180 days of enactment. Since there is no known opposition to the rule, what can your Agency do to expedite promulgation of this rule?

**Answer:** The Environmental Protection Agency (EPA) is moving expeditiously to advance this project through the formal rulemaking process. As you know, there has not yet been a proposed rulemaking seeking public comment. However, EPA’s work over the past couple of years on this project is allowing us to accelerate the actions to propose a pesticide container recycling rule.

Specifically, EPA has already rapidly moved the proposed rule through the internal review process. EPA has sent copies of the draft package to Congress, EPA’s Science Advisory Panel and the U.S. Department of Agriculture (USDA) in accordance with Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) Section 25. Under FIFRA Section 25(a)(2)(A), EPA is required to give USDA 60 days for review. Executive Order 12866 specifies a 90 day review for the Office of Management and Budget (OMB). We anticipate formally submitting the package

to OMB this month. We have communicated with both OMB and USDA that we are under an accelerated schedule and have urged them to expedite their reviews.

If OMB uses the full 90 days, and any issues that OMB raises are resolved, their review will end in mid-June 2008. We will then expedite final Agency steps to signature so that we anticipate publication of a proposed rule this fall. Under the Administrative Procedure Act, EPA is required to give the public an opportunity to comment. To allow for full public review and engagement, comment periods are generally 90 days.

Following public comment on the proposal, EPA analyzes comments, decides among regulatory options and makes revisions in the final rule. The Agency is also required to prepare a rulemaking preamble and supporting economic and related analyses. OMB conducts another 90 day review of the final package and under law USDA receives another 30 day review period. Per FIFRA, Section 25(a), the Agency has to give the regulated community at least 60 days before a promulgated rule becomes effective. If all parties use the full review period and the proposed rule is published in Fall 2008, an expedited final rule could be promulgated in 2009.

#### RCRA

**Dicks Question 73.** RCRA Waste Management: Your request includes \$2 million for the development of the E-manifest systems. Last year the Committee did not fund a similar request because Congress had not authorized the fees necessary to administer the program. What is the status of the authorization this year?

**Answer:** We understand that Senators Thune and Boxer have collaborated on developing draft legislation that would provide EPA with the necessary authority regarding funding of a national E-manifest system. EPA provided technical assistance to the Senators' staffs several times over the past year on RCRA manifest and its associated funding issues as well as on several implementation issues that were raised by state agency participants in our EPA regulatory workgroup. While we cannot predict what the legislative process might produce over the remainder of the year, we understand that the Thune and Boxer bill has bipartisan support and the support of key industry and state stakeholders.

**Dicks Question 74.** RCRA. In light of the issues surrounding notification of affected communities, why have you not reopened the comment period on the proposed rule to expand the comparable fuels exclusion to RCRA and what are your plans for finalizing the rule?

**Answer:** The proposed rule would only exclude emissions comparable fuel (ECF) that has the same fuel value as fossil fuels, and, for most constituents, the same composition as fossil fuels. The only constituents that may be present at higher concentrations are oxygenates, which can enhance the combustion of fuels, and toluene and benzene, which are typically present in fossil fuels.

In addition, the rule was structured so that all entities managing ECF will be publicly identified, both to regulatory authorities and the public. Thus, under the proposed rule, facilities managing ECF would need to obtain an EPA Identification Number and file an initial notice to either EPA or the authorized state permitting authority identifying the location of the facility, the types of materials to be managed and the quantity of materials that would be stored or burned annually. The notice would also include a signed certification statement, signed by an authorized representative of the person claiming the exclusion that states, “. . . the requirements of 40 CFR 261.38 have been met for all waste identified in this notification.” Furthermore, facilities that burn ECF also would be required to publish a public notice in a local newspaper that provides information including: the name, address, and EPA Identification Number of the facility generating the ECF; the name and address of the burner facility; an estimate of the quantity of ECF to be burned; and the name and mailing address of the EPA or state regulatory authority to whom the generator submitted a claim for exclusion.

The proposed conditions for the ECF exclusion to assure that ECF is burned and stored like fossil fuels were developed by direct reference to existing regulations related to burning and storage of fossil fuels or similar materials. Because the Agency relied on existing regulations to develop the conditions for the ECF exclusion, we believe that conducting an assessment of the compliance history of facilities that could potentially make use of the exclusion and making it publicly available for comment is not necessary.

In an effort to be responsive to the concerns raised by comments on the rule, however, EPA has reviewed the compliance history of the 86 facilities identified in the proposed Regulatory Impact Analysis, using the data available to the Agency, as potentially eligible for the exclusion. Of the 86 facilities, EPA identified 31 as being in “significant noncompliance” with some aspect of the RCRA hazardous waste regulations. We note that, of those 31 facilities, only nine appear to have had RCRA violations since calendar year 2000 relating to the storage of materials that might be eligible for consideration as ECF. However, our analysis produced no results of direct relevance to the proposed exclusion of ECF. The proposal included conditions on the management of ECF, based on regulations currently in place, for the management of fossil fuels or similar materials. The purpose of these conditions, which are the same as those that would apply to commercial fossil fuels used in a similar fashion, is to assure that the materials are not discarded when stored.

We plan to finalize the rule by November 2008, as stated in our 2007 Fall Regulatory Agenda.

#### TOXIC SUBSTANCES

**Dicks Question 75.** HPV Challenge: Your request (p. 430) states that you will double the production of HPV risk-based decisions in FY 2009. Is this a doubling from FY 2008 levels and if so, please provide the levels for both years.

**Answer:** In response to commitments made through the Security and Prosperity Partnership (SPP), EPA will be increasing the rate at which High Production Volume (HPV) chemical risk-based prioritization decisions are completed. In FY 2008, EPA plans to complete risk-based

prioritization decisions for 150 HPV chemicals. In FY 2009, EPA plans to complete an additional 340 risk-based prioritization decisions, which represents more than a doubling from FY 2008 levels.

**Dicks Question 76.** VCCEP: Your request (p. 430) states that you expect a significant portion of the operational costs of VCCEP peer consultations will be shifted from EPA to companies sponsoring the chemicals. What percentage of the cost will be shifted and why are you proposing this shift?

**Answer:** In FY 2008, EPA is planning to conduct three Voluntary Children's Chemical Evaluation Program (VCCEP) peer consultations, of which one, for the chemical alpha-pinene, will be funded by the industry sponsor. This means that in FY 2008, 33% of the cost of conducting VCCEP peer consultations will be shifted from EPA to industry sponsors. For FY 2009, EPA plans to work with the industry sponsors to determine the number and percentage of peer consultations that will be funded by the sponsors. In the long term, the Agency hopes to see sponsors pay for all VCCEP peer consultations.

EPA's reasons for proposing to shift the cost of VCCEP peer consultations to industry sponsors stem from federal policy set forth in the Toxic Substances Control Act (TSCA) Section 2 that the responsibility for developing adequate data on the health and environmental effects of chemicals should rest with the chemical manufacturers and processors. The VCCEP evaluation process involves an initial assessment of the sponsored chemical and a subsequent peer consultation, both of which are integral to a full evaluation of the hazard, exposure and risk to children that may be associated with the chemicals. EPA agreed to pay for peer consultations in the early years of the VCCEP pilot project in order to help establish the procedural framework of the project and demonstrate its effectiveness. EPA believes that these objectives have been accomplished; accordingly it is now timely for sponsors to begin covering the peer consultation costs.

#### UST

**Dicks Question 77.** LUST/UST: Should Congress decide to continue funding the new EPM activities (including prevention and inspection) in the LUST account, does it make sense to continue a LUST/UST program project in EPM?

**Answer:** The President's Budget for FY 2009 details the appropriate funding levels from the EPM, LUST, and STAG appropriations necessary to implement the new Energy Policy Act of 2005 (EPA) activities and core underground storage tank (UST) requirements. For FY 2009, the budget includes \$12.3 million in EPM funding, which will meet the needs of the program for activities related to LUST/UST program work. If however, Congress decides to consider an alternative funding structure like it did in FY 2008, with most funding for EPA activities coming from the LUST Trust Fund, it is important that Congress continue to provide \$12.3 million in funding from the EPM account. This funding is needed because neither EPA, nor the LUST tax provisions, authorizes the use of LUST Trust Fund funding for all LUST/UST

program activities. For example, EPA can not use the LUST Trust Fund funding to support EPA's core UST leak detection and release prevention program activities such as providing technical assistance to states and the regulated community or approving core state UST programs. Without a change in the EPAct authorization and LUST tax code, EPM funding will continue to be necessary for these core activities.

#### GREAT LAKES LEGACY ACT

**Dicks Question 78.** Great Lakes Legacy Act: To date how many of the US tracked 31 AOCs have been clean up and delisted and how many sites are currently underway?

**Answer:** One U.S. Area of Concern has been delisted to date – the Oswego River/Harbor Area of Concern, located on the southeastern shore of Lake Ontario and centered in the City of Oswego, New York.

Currently, a major part of the cleanup is being done pursuant to the Great Lakes Legacy Act. Under this Act, EPA and its state and federal partners have cleaned up approximately 800,000 cubic yards of contaminated sediments at five projects. Approximately \$54 million in federal Great Lakes Legacy Act funding has thus far been used to leverage nearly \$44 million in non-federal dollars and has prompted major environmental improvements in the communities where these projects have been undertaken. Remediation projects funded thus far are:

- Black Lagoon in the Detroit River AOC (Trenton, Michigan) completed in November 2005.
- Hog Island Inlet in the St. Louis River/Bay AOC (Superior, Wisconsin) completed in November 2005.
- Ruddiman Creek in the Muskegon Lake AOC (Muskegon, Michigan) completed in June 2006.
- Tannery Bay in the St. Mary's River AOC (Sault Ste. Marie, Michigan) completed in 2007.
- Ashtabula River in the Ashtabula River AOC (Ashtabula, Ohio). Remediation was completed in 2007. Remaining activities include the placement of a residual cover in certain areas as well as capping the on-site landfill.

In addition to finishing up the Ashtabula site, new remediation work is expected to begin at two additional sites later this fiscal year and at 2-4 additional sites in FY 2009.

As precursors to potential remediation under the Great Lakes Legacy Act, GLNPO has completed or is monitoring and evaluating contaminated sediment at the following sites:

- Ryerson Creek in the Muskegon Lake AOC, Michigan (monitoring and evaluation completed).
- St. Louis River AOC, Superior, Wisconsin (monitoring and evaluation completed).
- Detroit River AOC, Trenton, Michigan (monitoring and evaluation completed).
- Buffalo River in the Buffalo River AOC, New York (under way).

- West Branch Grand Calumet River in the Grand Calumet River AOC, Indiana (under way).
- Kinnickinnic River in the Milwaukee Estuary AOC, Wisconsin (under way).
- Division Street Outfall in the Muskegon Lake AOC, Michigan (under way).
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#### NATIONAL ESTUARIES PROGRAM

**Dicks Question 79.** National Estuary Program: The request for the Section 320 estuary grant reflects a reduction of more than \$9 million from the level provided in FY 2008. Please provide several examples of projects that were funded in prior years but will not be funded in FY 2009 due to the reduction.

**Answer:** The FY 2009 President's Budget request for Clean Water Act Section 320 grants is consistent with the FY 2008 request and will allow the program to accomplish its goals. The NEP funds support: (1) continued implementation of Comprehensive Conservation and Management Plans (CCMPs) and (2) implementation of Clean Water Act (CWA) core programs in the 28 National Estuary Program estuarine ecosystems. The types of projects may include:

- Habitat restoration, including: (1) fish passage restoration, (2) eelgrass restoration and monitoring, and (3) native plant restoration and re-vegetation projects;
- Development and delivery of best management practice and education/outreach materials on topics like: reducing and preventing stormwater pollution and Aquatic Invasive Species prevention and management efforts;
- Development of new and/or revised local zoning and wetlands regulations that promote low-impact development; and
- Survey, mapping, monitoring, and characterization efforts throughout the 28 NEP study areas.

#### DRINKING AND SURFACE WATER

**Dicks Question 80.** Drinking Water Programs: What is the FY 2009 request for work on the UIC Carbon Sequestration rule and provide the timetable/milestones for the rule?

**Answer:** In FY 2009 the Agency has requested \$3.9 million for work related to the Underground Injection Control (UIC) Carbon Sequestration rule. This includes \$2.6 million in the Office of Water, Drinking Water Program and \$1.3 million in the Office of Air and Radiation.

Milestones for the Carbon Sequestration rule are included in the table below:

Activity	Milestone
Data Collection and Analysis	Ongoing
Two Stakeholder Meetings	December 2007/February 2008
Interagency Review of Proposed Rule	Late May - Early June 2008
Administrator's Signature of Proposed UIC Rule	July 2008
Public Comment Period for Proposed Rule	July – October 2008
Notice of Data Availability (if appropriate)	2009
Final UIC Rule for GS of CO <sub>2</sub>	2011

**Dicks Question 81.** Drinking Water Programs: Will all water systems be in compliance with or on a schedule to comply with the Arsenic rule by the end of FY 2009?

**Answer:** EPA is working with state drinking water program staff to address all water systems with high arsenic levels. Based on state reporting through February 2008, 1,500 public water systems still exceed the 10 parts per billion Maximum Contaminant Level. This is a 63% reduction from the original list of systems expected to have trouble complying with the rule. Of the 1,500 systems, half are considered "addressed," meaning they are operating under an exemption or enforcement agreement. By the end of FY'09, we expect states to have worked with all water systems to develop a realistic approach to compliance for the remaining non-compliant water systems.

Federal financing options available to water systems include loans from the Drinking Water State Revolving Fund (DWSRF), loans and grants from the USDA Rural Utilities Service (RUS) and HUD Community Development Block Grants:

- o More than \$314 million in DWSRF loans has been obligated for arsenic-related projects to date.
- o More than \$74 million in USDA Rural Development loans and grants has been obligated for arsenic-related projects to date.

EPA has also dedicated a significant effort to assisting small water systems comply with this rule:



- A toolkit facilitates decision-making and will help systems reduce their costs of compliance. The kit includes new websites ([epa.gov/safewater/arsenic](http://epa.gov/safewater/arsenic) and [arsenictradeshows.org](http://arsenictradeshows.org)) and other new materials.
- Program managers and scientists at EPA have collaborated to promote the latest high-performing, cost-effective advancements in arsenic treatment technologies, particularly through EPA's Office of Research and Development's Arsenic Treatment Technology Demonstration Program.
- EPA has partnered with technical assistance providers such as the American Water Works Association (AWWA), National Rural Water Association (NRWA) and Rural Community Assistance Partnership (RCAP) to provide training opportunities and innovative outreach materials.

**Dicks Question 82.** Surface Water: Your budget requests (p. 483) \$16 million for sustainable infrastructure management. Please provide more detail on what this request funds.

**Answer:** The \$16 million for sustainable infrastructure management supports a number of activities under our sustainable infrastructure initiative and sustainable communities' assistance. Specifically, these funds support FTE and extramural activities associated with tools, training and outreach on the initiative, advanced asset management, environmental management systems, wastewater technology selection, decentralized (on-site) systems management, and the Clean Watersheds Needs Survey. It includes the new WaterSense program. It also supports Agency responsibilities in managing the U.S.-Mexico Border, Clean Water State Revolving Fund Indian Set-Aside, and Alaska Native Villages programs.

**Dicks Question 83.** Surface Water: Describe the WaterSense program, the successes you have had, the cost of the program to date, and how much of that was for contract support.

**Answer:** WaterSense is a partnership program sponsored by EPA that seeks to protect the future of our nation's water supply by promoting water efficiency and helping Americans make smart decisions regarding water use and water-using products. WaterSense encourages innovation in manufacturing by labeling products that meet EPA criteria for water efficiency and performance.

WaterSense has set national industry specifications for water-efficient products, including high-efficiency residential toilets and bathroom faucets/faucet accessories, and built momentum for a market demand for these products. More than 135 toilets have earned the WaterSense label since January 2007 and more than 45 faucets and faucet accessories have earned the WaterSense label since October 2007. Similarly, four different professional landscape irrigation certification programs have met the WaterSense specification for certification programs, opening up the opportunity for hundreds of landscape designers, auditors, and installation/maintenance professionals to partner with WaterSense and demonstrate their commitment to watering efficiently. By alerting the American public about the need to save water, while providing consumers with an easy-to-spot label to identify water-efficient, high-performing products and services, EPA is transforming the marketplace and how Americans view and use our limited water supplies.

The program is currently researching a range of additional water-using products for potential labeling including: landscape irrigation controllers, showerheads, and commercial building products (urinals, toilets, etc.). In addition, the program anticipates releasing a draft specification for new homes in next couple of months. This specification would set criteria for indoor as well as outdoor water use for a new home; homes meeting the criteria could earn the WaterSense label.

To add integrity to the program and save Federal dollars, EPA established a process by which third-party organizations (laboratories) test and certify that products meet WaterSense efficiency and performance criteria. Licensed certifying bodies, independent of EPA and the product manufacturers, certify product conformity to the specifications, authorize use of the WaterSense label, and conduct periodic surveillance of the product's continued conformance and label use. EPA approved and licensed five certifying bodies to conduct certification of toilets and bathroom faucets under its interim certification plan.

EPA has partnered with more than 650 organizations and individuals to bring water-efficient products and practices to market, including more than 100 utility partners serving more than 18 percent of the total U.S. population (based on U.S. Census and WaterSense utilities' partner reporting.) Nearly 75 state and local governments, from Atlanta to Seattle and everywhere in between, have begun promoting WaterSense as a way to increase water efficiency in their communities. To date, WaterSense has been working with nearly every major plumbing fixture manufacturer on the market, including American Standard and Kohler, and key retailers and distributors such as The Home Depot and Ferguson Enterprises. WaterSense is influencing water efficiency outdoors by partnering with more than 350 irrigation partners who have completed a labeled certification program and operate in 42 states and in Canada.

In 2007, more than 2,000 articles mentioned or featured WaterSense in newspapers, trade publications, and online, helping to raise awareness about the need to save water. In addition to media coverage, WaterSense has been using creative means such as online tools to educate the American public on the value of water efficiency and how saving water is easy with WaterSense.

The WaterSense program began in June 2006. Since its inception, the program has spent a total of approximately \$6 million, of which approximately \$4.9 million has been used for contract support.

**Dicks Question 84.** Surface Water Protection: Your budget notes that within this program you fund \$5 million for a monitoring initiative (p.483). How does this program differ from the monitoring program funded through the Section 106 grants to the states?

**Answer:** These funds, in the Environmental Programs and Management account, complement the funds provided to the states via the Section 106 grants (*i.e.*, in the State and Tribal Assistance Grants account) by supporting EPA's role in our partnership with states to conduct national aquatic surveys and enhance monitoring and assessment programs. EPA's role in the national aquatic surveys is to facilitate a national dialogue among states; document nationally consistent protocols for sampling, analysis and quality control; provide logistical support to

implementation, including sample tracking, audits and quality assurance; conduct sampling at regional-scale, least-disturbed reference sites; provide data management, analysis and national reporting; and host national and regional meetings and training sessions with states to address planning, implementation, analysis, reporting and refinement.

**Dicks Question 85.** Voluntary Programs: Update the chart you provided last year on the funding history, by account, of your Voluntary Programs, include 2007 actuals, 2008 enacted and 2009 requested levels.

**Answer:** In response to House Report 110-187 – of the Department of the Interior, Environment, and Related Agencies Appropriations Bill, 2008 - the Agency is in the process of updating the voluntary/partnership programs report. The report is scheduled to be sent to Congress at the end of March, 2008. All of the requested information will be provided therein.

**Dicks Question 86.** Voluntary Programs: Update the chart you provided last year on the grant portions of these Voluntary Programs by including the FY 2007 grant funds.

**Answer:** In response to House Report 110-187 – in the Department of the Interior, Environment, and Related Agencies Appropriations Bill, 2008 - the Agency is in the process of updating the voluntary/partnership programs report. The report is scheduled to be sent to Congress at the end of March, 2008. All of the requested information will be provided therein.

## IG

**Dicks Question 87.** The Committee provided an additional \$7.4 million for the Office of the Inspector General and directed that none of the funds be used to pay for “buy outs” of staff. The clear intention was to reverse the proposed retrenchment in the OIG and allow that office to continue to hire. What is the status of OIG’s efforts to increase staff.

**Answer:** Per the directions of Congress during the FY 2008 appropriations process, since last fall the EPA Office of Inspector General (OIG) has been working with its human resources servicing office in the Agency (Team Vegas) to increase its staffing levels. Due to difficulties encountered in the hiring process, we have not as yet hired as many individuals as we had hoped to by this point. For that reason, the OIG is working to engage a private sector firm with extensive experience related to these issues in order to work with us and Team Vegas to greatly increase the success of our hiring efforts. We expect that such assistance will allow us to hire a large number of individuals by the end of fiscal year (FY) 2008.

Addendum 3/31/2008

## OIG Hiring Actions Summary

Onboard at End of FY 2007	290
Hired During Q1 of FY 2008	1
Hired During Q2 of FY 2008	5
3/31/2008 Onboard	288
Pending Actions	
To be Processed	13
Announcements Open	19
Announcements Closed / Certificates to be Issued	10
Certificates Issued	9
Selections Made	5
<b>TOTAL</b>	<b>56</b>

**Dicks Question 88.** Provide a summary of your April 2007 report on the Performance Track Program.

**Answer:** In OIG Report No. 2007-P-00013, *Performance Track Could Improve Program Design and Management to Ensure Value*, we sought to determine how Performance Track contributes to achieving environmental goals, how well it recognizes and encourages environmental leadership, and how the program tracks member performance. Performance Track is a public-private partnership that encourages members to improve the environment through the use of environmental management systems, local public outreach, and public reporting of results. EPA designed Performance Track to recognize and encourage members that demonstrate strong environmental performance beyond current requirements. We initiated this evaluation as part of our continuing look at voluntary and partnership programs because EPA highlights Performance Track as a model for partnership programs, referring to it as the “gold standard” among its partnership programs.

To determine how Performance Track contributed to EPA’s goals, we analyzed EPA’s 2001-2005 reports on program members’ progress and a randomly selected sample of 40 member facilities. Our analyses were designed to determine if partners met their Performance Track commitments and how much progress they made. In order to demonstrate if these facilities represented “top performers,” we compared the sample facilities’ compliance records and toxic releases with those of their sectors. We compiled compliance information from EPA databases and verified individual facility data for sample members with regional EPA enforcement and compliance data stewards.

Our evaluation found that the absence of a comprehensive, cohesive strategic plan and the presence of underperforming facilities threaten the integrity and value of the Performance Track program. The program did not have clear plans that connected activities with its goals, and did not have performance measures that show if it achieves anticipated results. In our sample of Performance Track members we found that most members do not achieve all of their environmental commitments. However, they achieved environmental improvements averaging

16 percent over their baselines over 3 years. Our analysis also showed that most members demonstrate "top performance," beyond the average for their peers, for two environmental indicators: compliance and toxic releases. However, some facilities had more compliance problems or released more pounds of toxic substances than the average for their peers.

We recommended that EPA connect activities with goals, and that the program measure and report on performance related to activities and goals. EPA should maintain centralized databases so that it can readily demonstrate that members meet program criteria. Also, EPA should encourage members to set and achieve commitments so that the public has a clear idea of what results members actually produce.

The EPA developed a corrective action plan in response to our report that committed to, among other things:

- Develop better measures of organizational and innovation aspects of the program,
- Measure the effects of the program on member behavior,
- Use a central database for compliance screening; as well as improve the quality, reliability, and accessibility of the database,
- Encourage members to set goals that reflect EPA priorities (i.e., toxic discharges to water, energy use greenhouse gases, hazardous waste used, water use, and air emissions – NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and PM),
- Establish pilot studies to determine the feasibility of collecting better performance data from members, and
- Develop a comprehensive strategic plan.

**Dicks Question 89.** Last year in response to questions about your reviews of EPA's voluntary programs, you stated that the "OIG has not yet verified claims" by program managers that voluntary programs help to achieve the Agency's strategic goals. Have you begun any reviews to verify claims associated with the "Voluntary Programs" in terms of pollutant reductions? If not, what resources would it take to complete such a review?

**Answer:** In the past year, we have initiated three evaluations that address the validity of voluntary program claims. We are currently evaluating the data and methods underlying effectiveness claims for the Energy Star program, the Indoor Radon program, and 11 voluntary programs designed to reduce greenhouse gas emissions. The 11 voluntary programs are:

1) AgStar; 2) Coal Combustion Products Partnership; 3) Coalbed Methane Outreach; 4) HFC 23 Emission Reduction; 5) Landfill Methane Outreach; 6) Natural Gas Star; 7) PFC Emission Reduction Partnerships for Semi-Conductors; 8) SF-6 Emission Reduction Partnerships for Electric Power Systems; 9) SF-6 Emission Reduction Partnerships for the Magnesium Industry; 10) Voluntary Aluminum Industrial Partnership; and 11) WasteWise. The results of each evaluation will be released later this year.

**Dicks Question 90.** Last year you provided a list of 10 Key Management Challenges EPA faces and a summary of each. Please update that list, including new Challenges and any additional Agency actions to address the original 10.

**Answer:** The OIG is currently updating our list of Management Challenges, including determining what actions the Agency took on the Management Challenges we reported last year. We expect to have this information available in April, and we will be happy to provide it to you at that time.

**Dicks Question 91.** Your Superfund budget request identifies 10 audit and investigation areas which OIG will review. Provide budget estimates associated with each item for FY 2008 and FY 2009.

**Answer:** The budget estimates for the Superfund audit and investigation areas are as follows:

<u>Audit/Evaluation</u>	<u>FY 2008</u>	<u>FY 2009</u>
(1) EPA's management of Superfund special accounts, actions on closing accounts, and other actions to improve management of these accounts.	\$504,300	\$522,000
(2) recording and collection of Superfund accounts receivable.	0	\$399,600
(3) Superfund Cost Recovery.	\$630,400	\$783,000
(4) Superfund post-construction activities (review and verify documentation and data for sites that have been designated construction complete).	\$1,055,400*	\$1,754,900**
(5) follow-up on millions of dollars not redistributed to Superfund sites.	\$ 96,500	***
(6) funds obligated for Superfund interagency agreements and cooperative agreements with states.	\$321,700	\$66,600

\* Includes \$425,000 for contracts.

\*\* Includes \$450,000 for contracts.

\*\*\* The OIG has determined that work on this issue should be completed during FY 2008, and no additional effort will be necessary in FY 2009.

#### Investigation

The majority of investigative work is reactive in nature. Each year, we receive hundreds of allegations of criminal activity and serious misconduct in EPA programs and operations, including the Superfund program. In prioritizing our investigative work, we evaluate the

allegations received to determine which investigations may have the greatest impact on Agency funds, the integrity of EPA programs and operations, and produce the greatest deterrent effect. Our investigative work falls into four broad areas:

- 1) fraudulent practices in awarding, performing, charging, and payment on EPA contracts, grants, or other assistance agreements;
- 2) program fraud or other acts that undermine the integrity of, or confidence in, EPA's programs and create imminent environmental risks;
- 3) false claims for erroneous laboratory results that undermine the bases for decision-making, regulatory compliance, or enforcement actions; and
- 4) intrusions into EPA's computer systems as well as incidents of computer misuse.

We cannot predict the volume of allegations that we may receive, nor can we predict the EPA program areas that these allegations will impact. Accordingly, we cannot forecast with any degree of certainty the exact investigations we will conduct or the associated staff time or dollars until we receive an allegation and evaluate its merits in accordance with the above criteria. However, from FY2005-2007 the IG spent on average approximately \$1.8 million per year on investigative work.

## SUPERFUND

**Dicks Question 92.** Your request for the entire Superfund account is \$10 million above the FY 2008 level. How much of that increase funds Homeland Security vs. site clean up?

**Answer:** In FY 2009, EPA is requesting a total of \$827.5 million to support Superfund cleanup programs, which is a decrease of \$711 thousand from the amount appropriated for these programs in FY 2008. In the FY 2008 Enacted budget, Congress provided an increase to the Superfund Remedial program, offset by cuts to other EPA cleanup programs that address immediate risks, such as the Superfund Removal program and the Emergency Preparedness Program that helps to provide training to state and local governments. EPA's FY 2009 budget request for Superfund cleanup programs maintains steady funding overall, while reversing the cuts and increasing resources to the Removal program, which addresses immediate risks.

EPA is also requesting a total of \$59.5 million from the Superfund appropriation to support Agency-wide Homeland Security programs. This is an increase of \$12.5 million from the amount appropriated for these programs in FY 2008. The additional resources will primarily help address critical gaps in the key emergency preparedness and response program areas by:

- o Accelerating efforts to build capacity at existing state and Federal labs in order to analyze Chemical Warfare Agents and procuring equipment to enhance the Agency's mobile analytical capability;
- o Providing training for EPA staff volunteers who provide critical support in Headquarters and field operations during large-scale catastrophic incidents;
- o Procuring an additional airplane carrying specialized monitoring equipment which

- will be located in the Northeast and will reduce the response time for acquiring real-time monitoring capabilities; and
- o Procuring, installing, and maintaining secure communications equipment for primary and alternate Headquarters Continuity of Operations (COOP) sites.

**Dicks Question 93.** Update the chart provided last year on the NPL sites, construction completes, RAU and de-listed, by providing FY 2007 actual and FY 2008 and 2009 proposed.

**Answer:** For the end of FY 2007, the following table identifies the total number of sites that are final on the National Priorities List (NPL), the total number of sites that have achieved construction completion, the total number of sites that have achieved Site-Wide Ready for Anticipated Use (SRAU), and the number of sites that are deleted from the NPL. For FY 2008 and FY 2009, the table identifies annual performance targets for the construction completion and SRAU measures. EPA does not set annual targets for adding sites to the NPL or for site deletions.

End of Fiscal Year	2007 Cumulative Total (Actuals) <sup>1</sup>	2008 Target	2009 Target
Number of Final Sites on the NPL	1,248 (12)	No target	No target
Construction Complete	1,030 (24)	30	35
Site-Wide Ready for Anticipated Use (SRAU) <sup>2</sup>	244 (64)	30	30
Number of Sites Deleted from the NPL	321 (7)	No target	No target

<sup>1</sup>FY 2007 Actuals are shown in parentheses.

<sup>2</sup>The cumulative total of SRAU is 244 instead of 259 (baseline of 195 in FY 2006 plus 64 in FY 2007) because further data quality review determined that some sites included in the baseline did not meet the criteria for SRAU. The correct FY 2006 baseline is 180 sites.

**Dicks Question 94.** Provide a “pipeline chart” with the number of sites at each stage as of the end of FY 2007, and the numbers expected at the end of FY 2008 and FY 2009.

**Answer:** Many Superfund sites have numerous projects and are typically addressed in different stages and phases. For example, a site could have multiple projects with construction underway and one project where remedial assessment has not commenced. You could describe that site based on its most advanced project, “construction underway,” or describe the site based on its least advanced project, “remedial assessment not begun.” We have developed two tables depicting pipeline status for the 1,569 final and deleted sites on the National Priorities List (NPL) at the end of FY 2007 and estimated ranges for FY 2008 and 2009. Table 1 depicts site-wide status based on the status of the most advanced project at the site. Table 2 depicts site-wide status based on the status of the least advanced project at the site.

The importance of considering project status is underscored when considering the universe of sites that could be available for site-wide construction completion. All projects at a site must



have construction completed before being considered site-wide construction complete. At the end of FY 2007, remedy construction had started at 321 of the 535 sites not site-wide construction complete. However most of these sites have projects where construction is not yet underway and are not near-term candidates for site-wide construction completion. Of these sites with construction underway, 55 sites have construction underway on all projects remaining to be completed and are therefore closer to site-wide construction completion.

Estimated ranges for each pipeline category are provided for FY 2008 and FY 2009 to acknowledge the inherent uncertainties (environmental/technical/legal/administrative/funding) involved in the cleanup of hazardous waste sites. These include all project/site leads (fund, potentially responsible party, state, and Federal facility leads). As the uncertainty increases over time, the ranges in the estimates increase. The estimates for construction completions and site-wide ready for anticipated use represent our annual GPRA commitments for FY 2008 and FY 2009 as reflected in the FY 2009 President's Budget submission. In addition, please note that the tables do not reflect the likely addition of new sites to the NPL for FY 2008 and FY 2009, which could be approximately 20 to 25 sites by the end of FY 2009. Any sites listed in FY 2008 and FY 2009 would likely be placed in the "Remedial Assessment Not Begun" or "Study Underway" categories.

<b>TABLE 1 Pipeline Status – (based on the status of the most advanced project)</b>	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimated Range)</b>	<b>FY 2009 (Estimated Range)</b>
Remedial Assessment Not Begun	12	0 - 10	0 – 5
Study Underway	116	80 -100	60 – 90
Remedy Selected	29	25 - 40	20 – 40
Design Underway	57	45- 65	40 – 70
Construction Underway	321	310 - 330	300 – 340
Construction Complete/Deleted (GPRA targets are cumulative) <sup>1</sup>	1,030	1,060	1,095
Total (assumes no new NPL sites) <sup>2</sup>	1,565	1,565	1,565
Site-wide Ready for Anticipated Use (GPRA targets are cumulative) <sup>3</sup>	244	274	304
<b>TABLE 2 Pipeline Status – (based on the status of the least advanced project)</b>	<b>FY 2007 (Actual)</b>	<b>FY 2008 (Estimated Range)</b>	<b>FY 2009 (Estimated Range)</b>
Remedial Assessment Not Begun	88	60 - 80	50 – 70
Study Underway	250	225 - 245	200 – 240
Remedy Selected	18	15 – 35	15 – 35
Design Underway	124	95 - 125	85 – 125
Construction Underway	55	40 - 55	40 – 70
Construction Complete/Deleted (GPRA targets are cumulative) <sup>1</sup>	1,030	1,060	1,095

Total (assumes no new NPL sites) <sup>2</sup>	1,565	1,565	1,565
Site-wide Ready for Anticipated Use (GPRA targets are cumulative) <sup>3</sup>	244	274	304

<sup>1</sup> Includes Site-wide Ready for Anticipated Use (SWRAU) sites.

<sup>2</sup> Excludes 4 sites deleted/deferred to another authority (e.g., the Resource Conservation and Recovery Act) that were not construction complete.

<sup>3</sup> SWRAU sites are the number of final and deleted construction complete National Priorities List (NPL) sites where, for the entire site, all cleanup goals in the Record(s) of Decision or other remedy decision document(s) have been achieved for media that may affect current and reasonably anticipated future land uses of the site, so that there are no unacceptable risks. Also, it is where all institutional or other controls required in the Record(s) of Decision or other remedy decision document(s) have been put in place.

**Dicks Question 95.** At the end of the FY 2007, the Trust Fund balance was \$273.3 M. How much of that is designated for “special accounts”?

**Answer:** None. The Superfund Trust Fund balance of \$273.3 million at the end of FY 2007 represents only those resources available for appropriation by Congress for the Hazardous Substance Superfund account. Special account reimbursable resources collected from potentially responsible parties to support Superfund response activities, as authorized by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) section 122(b)(3), are not subject to appropriation and are excluded from the available balance in the Superfund Trust Fund.

**Dicks Question 96.** Superfund Support to Other Agencies: Update the chart provided last year on the OFA budgets. Include enacted levels for 2006, 2007 and 2008 and the request for 2008 for each Agency, including the Department of Justice.

**Answer:** Below is the breakout by agency for the Superfund: Support to Other Federal Agencies program project for FY 2006, FY 2007, FY 2008, and FY 2009.

*(Dollars in thousands)*

Agency	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres Bud
Department of the Interior (DOI)	\$891.6	\$801.0	\$538.0	\$546.0
Federal Emergency Management Administration (FEMA)	\$980.7	\$324.0	\$0.0	\$0.0
National Oceanic and Atmospheric Administration (NOAA)	\$2,184.3	\$1,963.0	\$1,046.0	\$1,063.0
Occupational Safety and Health Administration (OSHA)	\$579.5	\$521.0	\$0.0	\$0.0

United States Coast Guard (USCG)	\$4,903.9	\$4,967.0	\$4,888.0	\$4,966.0
<b>Superfund: Support to Other Federal Agencies (OFA) Program Project Totals</b>	<b>\$9,540.0</b>	<b>\$8,576.0</b>	<b>\$6,472.0</b>	<b>\$6,575.0</b>

Funding for the Department of Justice is a subset of the Superfund: Enforcement program project. Below are Superfund resources provided to the Department of Justice.

*(Dollars in thousands)*

Agency	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres Bud
Department of Justice (DOJ)	\$26,056.0	\$26,056.0	\$25,594.0	\$23,922.0

**Dicks Question 97.** Provide the number of DOJ FTE associated with their Superfund budget 2006-2009.

**Answer:** The level of Superfund FTE funded under the Interagency Agreement with DOJ is closely tied to actual funding levels and reflects not only payroll and other “fixed” costs but also the need for litigation support and expert witness costs which are variable. FTE figures were provided by DOJ.

Fiscal Year	Interagency Agreement Funding (dollars in thousands)	DOJ FTE from EPA's IAG
FY 2006	\$26,056	127 FTE
FY 2007	\$26,056	128 FTE
FY 2008 (estimated)	\$25,594	119 FTE
FY 2009 (estimated)	\$23,922	114 FTE

**Dicks Question 98.** Superfund Enforcement: Your request indicates an 11 FTE reduction from FY 2008. The stated rationale is that the program has matured (p.529). Yet the budget makes a commitment to the “enforcement first” policy (p.526). How do you explain these seemingly contradictory ideas?

**Answer:** Budget changes do not impact the Agency's “Enforcement First” policy, aimed at conserving the Trust Fund while ensuring fairness in the cleanup of hazardous waste sites. The policy promotes the “polluter pays” principle, by seeking to maximize the participation of potentially responsible parties in site cleanup, enabling Federal funds to be available for cleanup sites where viable responsible parties do not exist.

The FY 2009 budget does include a modest reduction of 11 positions (approximately 1%) in the Superfund Enforcement program. This reduction shows our progress in moving Superfund sites through the cleanup pipeline.

#### FEDERAL FACILITY ENFORCEMENT

**Dicks Question 99.** Federal Facilities Enforcement: Provide a summary of the status of your efforts using FFAs with each Branch of the Department of Defense.

**Answer:** Federal Facility Agreements (FFAs), mandated by CERCLA Section 120, establish a general framework at federal facility cleanup sites which enables the Agency to properly review planning documents, oversee cleanup activities and take enforcement action, whenever necessary. More than 135 FFAs are now complete, including nearly 120 at military sites. Thirteen military FFAs, however, remain incomplete and past due -- see attached summary chart.

FFAs are now in place at all non-military Superfund sites, except for one Coast Guard facility, where final negotiations are going very well. All Department of Energy sites are now under FFAs.

#### Status of DoD Federal Facility Superfund Sites Without CERCLA FFAs

Name of Site	Responsible Agency	FFA Negotiation Status
1. Hanscom Field, MA	Air Force	FFA negotiations stalled.
2. McGuire Air Force Base, NY	Air Force	FFA negotiations stalled; RCRA 7003 order effective on 11/26/2007; negotiations elevated to DoD.
3. Langley Air Force Base, VA	Air Force	FFA negotiations stalled.
4. Andrews Air Force Base, MD	Air Force	FFA negotiations stalled.
5. Brandywine DRMO Salvage Yard, MD	DLA/Air Force	FFA negotiations stalled.
6. Tyndall Air Force Base, FL	Air Force	FFA negotiations stalled. RCRA 7003 order issued 11/21/2007; Air Force conference held 1/28/2008 and final EPA decision pending.

Name of Site	Responsible Agency	FFA Negotiation Status
7. Air Force Plant #44, AZ	Air Force	SDWA order issued 7/13/2007. Notice of Intent to Comply received by EPA and work proceeding. FFA still required for remainder of site but negotiations stalled.
8. Middlesex Sampling Plant, NJ	Army Corps of Engineers	FFA negotiations ongoing; Army Corps awaiting EPA proposal based upon acceptable FFA at another site.
9. Fort Eustis, VA	Army	FFA completed Army and DoD review; awaiting approval signatures from Virginia, Army and EPA.
10. Fort Meade, MD	Army	FFA negotiations stalled; RCRA 7003 order effective 2/4/2008; negotiations elevated to DoD.
11. Redstone Arsenal, AL	Army	FFA negotiations ongoing; State objections to RCRA/CERCLA integration approach.
12. Naval Air Station (NAS) Whiting Field, FL	Navy	Tentative agreement on FFA; EPA awaiting DoD review.
13. Naval Computer Telecommunication Area Administrative Master Station (NCTAMS), HI	Navy	Tentative agreement on FFA; EPA awaiting DoD review.

**Dicks Question 100.** You have requested \$10.2 million for Federal Facility Enforcement. Provide a list by Agency/Department of the federal facilities you oversee with those funds.

**Answer:** See spreadsheet "*Federal Facility NPL Sites and FFA Status*", which shows all federal facility Superfund National Priority List sites (both those with and without a Federal facility agreement) by agency and department.

## FEDERAL FACILITY NPL SITES AND FFA STATUS: SUMMARY

Total Federal Facility (FF) Sites on NPL: 172

**-Total Federal Sites Missing Required FFA: 13**

-Total Private Sites with Federal Component Missing Required FFA: 1

**Total FFAs: 160**

-Total FFAs from FF NPL Sites: 153

-Total FFAs from Private Sites w/ Federal Component: 7

### **Total FFAs Completed or Pending by Dept/Agency**

Dept/Agency	No. FFAs Completed	Sites
		Pending
DOD-USN	42	2
DOD-USA	39	3
DOD-USAF	32	7
DOE	22	1
DOD-USMC	8	0
DOD-USACE	4	0
DOD-DLA	3	0
NASA	3	0
DOD-NG	2	0
DOI	2	0
USDA	1	0
DOT	1	0
DHS-USCG	1	1
<b>Total</b>	<b>160</b>	<b>14</b>

## FEDERAL FACILITY NPL SITES AND FFA STATUS:

## Detail

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg Status	FF? FFA?	Comments
DHS-USCG	CURTIS BAY COAST GUARD YARD	3	Final	No FFA currently in place.
DOD-DLA	OGDEN DEFENSE DEPOT (DLA)	8	Final	
DOD-DLA	MEMPHIS DEFENSE DEPOT (DLA)	4	Final	Yes 9/29/1989
DOD-DLA	DEFENSE GENERAL SUPPLY CENTER (DLA)	3	Final	Yes 3/6/1995
DOD-NG	OTIS AIR NATIONAL GUARD BASE/CAMP EDWARDS	1	Final	Yes 10/29/1990
DOD-USA	WEST VIRGINIA ORDNANCE (USARMY)	3	Final	Yes 7/17/1991
DOD-USA	WELDON SPRING FORMER ARMY ORDNANCE WORKS	7	Final	Yes 7/18/1989
DOD-USA	UMATILLA ARMY DEPOT (LAGOONS)	10	Final	Yes 9/30/1991
DOD-USA	TRACY DEFENSE DEPOT (USARMY)	9	Final	Yes 10/31/1989
DOD-USA	TOOELE ARMY DEPOT (NORTH AREA)	8	Final	Yes 6/27/1991
DOD-USA	TOBYHANNA ARMY DEPOT	3	Final	Yes 9/16/1991
DOD-USA	SHARPE ARMY DEPOT	9	Final	Yes 9/27/1990
DOD-USA	SENECA ARMY DEPOT	2	Final	Yes 3/16/1989
DOD-USA	SCHOFIELD BARRACKS (USARMY)	9	Deleted	Yes 9/27/1991
DOD-USA	SAVANNA ARMY DEPOT ACTIVITY	5	Final	Yes 9/28/1989
DOD-USA	SACRAMENTO ARMY DEPOT	9	Final	Yes 12/16/1988
DOD-USA	ROCKY MOUNTAIN ARSENAL (USARMY)	8	Final	Yes 2/17/1989
DOD-USA	RIVERBANK ARMY AMMUNITION PLANT	9	Final	Yes 4/5/1990
DOD-USA	PICATINNY ARSENAL (USARMY)	2	Final	Yes 4/17/1991
DOD-USA	NEW BRIGHTON/ARDEN HILLS/ITCAAP (USARMY)	5	Final	Yes 8/12/1987
DOD-USA	NATICK LAB ARMY RSRCH, DEV & ENGNRNG CNTR	1	Final	Yes 8/2/2006
DOD-USA	MILAN ARMY AMMUNITION PLANT	4	Final	Yes 7/25/1989
DOD-USA	MATERIALS TECHNOLOGY LABORATORY (USARMY)	1	Deleted	Yes 5/5/1995
DOD-USA	LOUISIANA ARMY AMMUNITION PLANT	6	Final	Yes 1/31/1989
DOD-USA	LONGHORN ARMY AMMUNITION PLANT	6	Final	Yes 10/16/1991
DOD-USA	LONE STAR ARMY AMMUNITION PLANT	6	Final	Yes 7/17/1990

NPL Status Data Source: EPA/FFRRO Web Page as of 10/04/2007

FFA Data Source: CERCLIS database as of 09/11/07

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PRP	Site Name (hyperlinked to Site Profile)	EPA Reg Status	FF? FFA?	Comments
DOD-USA	LETTERKENNY ARMY DEPOT (SE AREA)	3	Final	Yes 2/3/1989
DOD-USA	LETTERKENNY ARMY DEPOT (PDO AREA)	3	Final	Yes 2/3/1989
DOD-USA	LAKE CITY ARMY AMMUNITION PLANT (NORTHWEST LAGOON)	7	Final	Yes 9/28/1989
DOD-USA	JOLIET ARMY AMMUNITION PLANT (MANUFACTURING AREA)	5	Final	Yes 5/9/1989
DOD-USA	JOLIET ARMY AMMO PLANT (LOAD-ASSEMBLY-PACKING AREA)	5	Final	Yes 6/9/1989
DOD-USA	IOWA ARMY AMMUNITION PLANT	7	Final	Yes 9/30/1991
DOD-USA	HASTINGS GROUND WATER CONTAMINATION	7	Final (Non-Fed)	No 9/9/1998
DOD-USA	FORT WAINWRIGHT	10	Final	Yes 3/25/1992
DOD-USA	FORT RILEY	7	Final	Yes 9/30/1991
DOD-USA	FORT RICHARDSON (USARMY)	10	Final	Yes 11/29/1994
DOD-USA	FORT ORD	9	Final	Yes 7/23/1990
DOD-USA	FORT LEWIS LOGISTICS CENTER	10	Final	Yes 1/29/1990
DOD-USA	FORT LEWIS (LANDFILL NO. 5)	10	Deleted	Yes 1/29/1990
DOD-USA	FORT GEORGE G. MEADE	3	Final	Yes No FFA
DOD-USA	FORT EUSTIS (US ARMY)	3	Final	Yes No FFA
DOD-USA	FORT DIX (LANDFILL SITE)	2	Final	Yes 7/19/1991
DOD-USA	FORT DEVENS SUDBURY TRAINING ANNEX	1	Deleted	Yes 5/13/1991
DOD-USA	FORT DEVENS	1	Final	Yes 5/13/1991
DOD-USA	CORNHUSKER ARMY AMMUNITION PLANT	7	Final	Yes 9/4/1990
DOD-USA	ANNISTON ARMY DEPOT (SOUTHEAST INDUSTRIAL AREA)	4	Final	Yes 6/13/1990
DOD-USA	ALABAMA ARMY AMMUNITION PLANT	4	Final	Yes 5/30/1990



PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg	Status	FF? FFA?	Comments
DOD-USA	<u>ABERDEEN PROVING GROUND (MICHAELSVILLE LANDFILL)</u>	3	Final	Yes 3/27/1990	One FFA covers both Aberdeen Proving Ground (Edgewood Area) and Aberdeen Proving Ground (Michaelsville Landfill)
DOD-USA	<u>ABERDEEN PROVING GROUND (EDGEWOOD AREA)</u>	3	Final	Yes 3/27/1990	One FFA covers both Aberdeen Proving Ground (Edgewood Area) and Aberdeen Proving Ground (Michaelsville Landfill)
DOD-USA; NASA	<u>USARMY/NASA REDSTONE ARSENAL</u>	4	Final	Yes 9/17/2001 No FFA	FFA with NASA in 2001. No FFA w/ Army currently in place
DOD-USACE	<u>NEBRASKA ORDNANCE PLANT (FORMER)</u>	7	Final (Non-Fed)	No 9/30/1991	Not listed in CERCLIS as Federal, FUDS site w/ FFA
DOD-USACE	<u>MOSES LAKE WELDFIELD CONTAMINATION</u>	10	Final (Non-Fed)	No 3/2/1999	Not listed in CERCLIS as Fed fac., hybrid agreement/non-traditional FFA
DOD-USACE	<u>HAMILTON ISLAND LANDFILL (USA/COE)</u>	10	Deleted	Yes 9/24/1993	
DOD-USACE	<u>FORMER NANSEMOND ORDNANCE DEPOT</u>	3	Final (Non-Fed)	No 12/30/1999	Not listed in CERCLIS as Fed fac., hybrid agreement/non-traditional FFA
DOD-USAF	<u>WRIGHT-PATTERSON AIR FORCE BASE</u>	5	Final	Yes 3/31/1991	
DOD-USAF	<u>WILLIAMS AIR FORCE BASE</u>	9	Final	Yes 9/21/1990	
DOD-USAF	<u>USN AIR STATION CECIL FIELD</u>	4	Final	Yes 10/23/1990	
DOD-USAF	<u>TYNDALL AIR FORCE BASE</u>	4	Final	Yes No FFA	Recent RCRA Order will ensure proper EPA oversight
DOD-USAF	<u>TWIN CITIES AFB BASE (SMALL ARMS RANGE LANDFILL)</u>	5	Deleted	Yes 11/6/1989	
DOD-USAF	<u>TRAVIS AIR FORCE BASE</u>	9	Final	Yes 9/28/1990	
DOD-USAF	<u>TINKER AIR FORCE BASE (SOLDIER CREEK/BUILDING 3001)</u>	6	Final	Yes 12/9/1988	
DOD-USAF	<u>ROBINS AIR FORCE BASE (LANDFILL #4/SLUDGE LAGOON)</u>	4	Final	Yes 2/14/1989	
DOD-USAF	<u>PLATTSBURGH AIR FORCE BASE</u>	2	Final	Yes 7/10/1991	
DOD-USAF	<u>PEASE AIR FORCE BASE</u>	1	Final	Yes 8/14/1990	

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg Status	FF? FFA?	Comments
DOD-USAF	<u>NORTON AIR FORCE BASE (LNDFFL #2)</u>	9	Final Yes 6/29/1989	
DOD-USAF	<u>MOUNTAIN HOME AIR FORCE BASE</u>	10	Final Yes 1/16/1992	
DOD-USAF	<u>MCGUIRE AIR FORCE BASE #1</u>	2	Final Yes No FFA	Recent RCRA Order will ensure proper EPA oversight.
DOD-USAF	<u>MCLELLAN AIR FORCE BASE (GRND WTR CONTAMINATION)</u>	9	Final Yes 7/21/1989	
DOD-USAF	<u>MOCHORD AIR FORCE BASE (WASH RACK/TREATMENT AREA)</u>	10	Deleted Yes 10/23/1989	
DOD-USAF	<u>MATHER AIR FORCE BASE (AC&amp;W DISPOSAL SITE)</u>	9	Final Yes 7/21/1989	
DOD-USAF	<u>MARCH AIR FORCE BASE</u>	9	Final Yes 9/27/1990	
DOD-USAF	<u>LUKE AIR FORCE BASE</u>	9	Deleted Yes 9/27/1990	
DOD-USAF	<u>LORING AIR FORCE BASE</u>	1	Final Yes 1/30/1991	
DOD-USAF	<u>HOMESTEAD AIR FORCE BASE</u>	4	Final Yes 2/4/1991	
DOD-USAF	<u>HILL AIR FORCE BASE</u>	8	Final Yes 4/10/1991	
DOD-USAF	<u>HANSCOM FIELD/HANSCOM AIR FORCE BASE</u>	1	Final Yes No FFA	No FFA currently in place.
DOD-USAF	<u>GRIFFISS AIR FORCE BASE (11 AREAS)</u>	2	Final Yes 3/29/1990	
DOD-USAF	<u>GEORGE AIR FORCE BASE</u>	9	Final Yes 9/21/1990	
DOD-USAF	<u>FAIRCHILD AIR FORCE BASE (4 WASTE AREAS)</u>	10	Final Yes 3/27/1990	
DOD-USAF	<u>F.E. WARREN AIR FORCE BASE</u>	8	Final Yes 9/26/1991	
DOD-USAF	<u>ELMENDORF AIR FORCE BASE</u>	10	Final Yes 11/12/1991	
DOD-USAF	<u>ELLSWORTH AIR FORCE BASE</u>	8	Final Yes 1/24/1992	

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg	Status	FF? FFA?	Comments
DOD-USAF	EIELSON AIR FORCE BASE	10	Final	Yes 5/21/1991	
DOD-USAF	EDWARDS AIR FORCE BASE	9	Final	Yes 9/26/1990	
DOD-USAF	DOVER AIR FORCE BASE	3	Final	Yes 1/28/1988	
DOD-USAF	CASTLE AIR FORCE BASE (6 AREAS)	9	Final	Yes 7/21/1989	
DOD-USAF	BRANDYWINE DRMO	3	Final	Yes No FFA	No FFA currently in place.
DOD-USAF	ANDREWS AIR FORCE BASE	3	Final	Yes No FFA	No FFA currently in place.
DOD-USAF	ANDERSEN AIR FORCE BASE	9	Final	Yes 3/30/1993	
DOD-USAF	AMERICAN LAKE GARDENS/MCCHORD AFB	10	Final	Yes 10/23/1989	
DOD-USAF	AIR FORCE PLANT PJKS	8	Final	Yes FFA Not Anticipated	Cleanup being addressed under a Consent Order with the state of Colorado; FFA not anticipated
DOD-USAF	AIR FORCE PLANT #4 (GENERAL DYNAMICS)	6	Final	Yes 8/31/1990	
DOD-USAF:	TUCSON INTERNATIONAL AIRPORT AREA	9	Final (Non-Fed)	No 1993 (ANG) No FFA	One FFA signed by National Guard in 1993 (described on Region 9 webpage and confirmed by Region 9, but not found in CERCLIS) no FFA with Air Force but recent SDWA order will ensure proper EPA oversight
DOD-USAF:	LANGLEY AIR FORCE BASE/NASA LANGLEY RESEARCH CNTR	3	Final	Yes 12/16/1993 No FFA	FFA with NASA; Air Force has yet to sign FFA.
DOD-USMC	YUMA MARINE CORPS AIR STATION	9	Final	Yes 1/7/1992	
DOD-USMC	PARRIS ISLAND MARINE CORPS RECRUIT DEPT	4	Final	Yes 1/21/2005	
DOD-USMC	MARINE CORPS LOGISTICS BASE	4	Final	Yes 7/2/1991	
DOD-USMC	MARINE CORPS COMBAT DEVELOPMENT COMMAND	3	Final	Yes 2/5/1999	

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg Status	FFA?	Comments
DOD-USMC	EL TORO MARINE CORPS AIR STATION	9	Final	Yes 9/28/1990
DOD-USMC	CHERRY POINT MARINE CORPS AIR STATION	4	Final	Yes 1/25/2005
DOD-USMC	CAMP PENDLETON MARINE CORPS BASE	9	Final	Yes 9/28/1990
DOD-USMC	BARSTOW MARINE CORPS LOGISTICS BASE	9	Final	Yes 9/28/1990
DOD-USN	WILLOW GROVE NAVAL AIR AND AIR RESERVE STATION	3	Final	Yes 6/27/2005
DOD-USN	WHITING FIELD NAVAL AIR STATION	4	Final	Yes No FFA
DOD-USN	WASHINGTON NAVY YARD	3	Final	Yes 6/30/1999
DOD-USN	TREASURE ISLAND NAVAL STATION-HUNTERS POINT ANNEX	9	Final	Yes 9/28/1990
DOD-USN	ST. JULIENS CREEK ANNEX (U.S. NAVY)	3	Final	Yes 7/6/2004
DOD-USN	PUGET SOUND NAVAL SHIPYARD COMPLEX	10	Final	Yes 8/31/1998
DOD-USN	PORTSMOUTH NAVAL SHIPYARD	1	Final	Yes 9/30/1999
DOD-USN	PORT HADLOCK DETACHMENT (USNAVY)	10	Deleted	Yes 7/30/1996
DOD-USN	PENSACOLA NAVAL AIR STATION	4	Final	Yes 10/23/1990
DOD-USN	PEARL HARBOR NAVAL COMPLEX	9	Final	Yes 9/30/1993
DOD-USN	PATUXENT RIVER NAVAL AIR STATION	3	Final	Yes 12/9/2000
DOD-USN	OLD NAVY DUMP/MANCHESTER LABORATORY (USEPA/NOAA)	10	Final	Yes 7/30/1997
DOD-USN	NWS YORKTOWN - CHEATHAM ANNEX	3	Final	Yes 3/1/2005
DOD-USN	NORFOLK NAVAL SHIPYARD	3	Final	Yes 9/9/2004
DOD-USN	NORFOLK NAVAL BASE (SEWELLS POINT NAVAL COMPLEX)	3	Final	Yes 2/18/1999
DOD-USN	NEWPORT NAVAL EDUCATION & TRAINING CENTER	1	Final	Yes 3/23/1992
DOD-USN	NEW LONDON SUBMARINE BASE	1	Final	Yes 9/27/1994
DOD-USN	NAVAL SHIPS PARTS CONTROL CENTER	3	Final	Yes 11/8/2004
DOD-USN	NAVAL WEAPONS STATION EARLE (SITE A)	2	Final	Yes 2/16/1991
DOD-USN	NAVAL WEAPONS STATION - YORKTOWN	3	Final	Yes 8/31/1994
DOD-USN	NAVAL WEAPONS INDUSTRIAL RESERVE PLANT	1	Final	Yes 9/30/1999

Negotiations in process, but no FFA currently in place.

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg Status	FF? FFA?	Comments
DOD-USN	NAVAL UNDERSEA WARFARE ENGRNG STA (4 WASTE AREAS)	10	Final	Yes 7/17/1990
DOD-USN	NAVAL SURFACE WARFARE CENTER - DAHLGREN	3	Final	Yes 9/30/1994
DOD-USN	NAVAL SECURITY GROUP ACTIVITY	2	Deleted	Yes 3/19/1992
DOD-USN	NAVAL INDUSTRIAL RESERVE ORDNANCE PLANT	5	Final	Yes 3/28/1991
DOD-USN	NAVAL COMPUTER & TELECOM AREA MASTER STA E PACIFIC	9	Final	Yes No FFA
DOD-USN	NAVAL AMPHIBIOUS BASE LITTLE CREEK	3	Final	Yes 11/4/2003
DOD-USN	NAVAL AIR STATION WHIDBEY ISLAND (SEAPLANE BASE)	10	Deleted	Yes 9/17/1990
DOD-USN	NAVAL AIR STATION WHIDBEY ISLAND (AULT FIELD)	10	Final	Yes 9/17/1990
DOD-USN	NAVAL AIR ENGINEERING CENTER	2	Final	Yes 9/25/1989
DOD-USN	NAVAL AIR DEVELOPMENT CENTER (8 WASTE AREAS)	3	Final	Yes 9/20/1990
DOD-USN	MOFFETT NAVAL AIR STATION	9	Final	Yes 8/8/1989
DOD-USN	JACKSONVILLE NAVAL AIR STATION	4	Final	Yes 10/23/1990
DOD-USN	JACKSON PARK HOUSING COMPLEX (USNAVY)	10	Final	Yes 11/1/2004
DOD-USN	INDIAN HEAD NAVAL SURFACE WARFARE CENTER	3	Final	Yes 12/9/2000
DOD-USN	DAVISVILLE NAVAL CONSTRUCTION BATTALION CENTER	1	Final	Yes 3/23/1992
DOD-USN	CONCORD NAVAL WEAPONS STATION	9	Final	Yes 6/14/2001
DOD-USN	CAMP LEJEUNE MILITARY RES. (USNAVY)	4	Final	Yes 2/14/1991
DOD-USN	BRUNSWICK NAVAL AIR STATION	1	Final	Yes 9/13/1989
DOD-USN	BANGOR ORDNANCE DISPOSAL (USNAVY)	10	Final	Yes 1/29/1990
DOD-USN	BANGOR NAVAL SUBMARINE BASE	10	Final	Yes 1/29/1990
DOD-USN	ATLANTIC FLEET WEAPONS TRAINING AREA - VIEQUES	2	Final	Yes 9/7/2007
DOD-USN	ALLEGANY BALLISTICS LABORATORY (USNAVY)	3	Final	Yes 1/14/1998

One FFA covers both Bangor Naval sites (Naval Submarine Base and Ordnance Disposal)  
 One FFA covers both Bangor Naval sites (Naval Submarine Base and Ordnance Disposal)

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg Status	FFA?	FFA?	Comments
DOD-USN	ALAMEDA NAVAL AIR STATION	9	Final	Yes 7/5/2001	
DOD-USN	ADAK NAVAL AIR STATION	10	Final	Yes 11/24/1993	
DOD-USN; DHS-USCG	<u>SOUTH WEYMOUTH NAVAL AIR STATION</u>	1	Final	Yes 11/30/1999	Includes two separate FFAs for the USN and USCG
DOE	<u>WELDON SPRING QUARRY/PLANT/PITS</u> (USDOE/ARMY)	7	Final	Yes 3/15/1992	
DOE	<u>W.R. GRACE &amp; COWAYNE INTRM STOR SITE</u> (USDOE)	2	Final	Yes 9/17/1990	Original FFA was signed with DOE, after USACE took ownership of site, new FFA was signed. Additional FFA w/ DOE at private Maywood site (see below)
DOE	<u>ST. LOUIS AIRPORT/HAZELWOOD INTERIM</u> <u>STORAGE/FUTURA COAT</u>	7	Final (Non-Fed)	No 9/30/1991	Not listed in CERCLIS as Federal, FUSRAP site w/ FFA
DOE	<u>SAVANNAH RIVER SITE (USDOE)</u>	4	Final	Yes 8/16/1993	
DOE	<u>ROCKY FLATS PLANT (USDOE)</u>	8	Final	Yes 1/22/1991	First FFA in 1/22/91, second in 07/19/1996, and a third in 2007
DOE	<u>PANTEX PLANT (USDOE)</u>	6	Final	Yes 12/11/2007	FFA signed on 12/11/07 and finalized on 2/22/08 after public comment period ended
DOE	<u>PADUCAH GASEOUS DIFFUSION PLANT</u> (USDOE)	4	Final	Yes 9/30/1996	
DOE	<u>OAK RIDGE RESERVATION (USDOE)</u>	4	Final	Yes 11/18/1991	
DOE	<u>MOUND PLANT (USDOE)</u>	5	Final	Yes 8/6/1990	
DOE	<u>MONTICELLO MILL TAILINGS (USDOE)</u>	8	Final	Yes 12/22/1988	
DOE	<u>MIDDLESEX SAMPLING PLANT (USDOE)</u>	2	Final	Yes No FFA	No FFA currently in place.
DOE	<u>MAYWOOD CHEMICAL CO.</u>	2	Final (Non-Fed)	No 9/17/1990	Not listed in CERCLIS as Fed fac., FUSRAP site w/ FFA
DOE	<u>LAWRENCE LIVERMORE NATL LAB. MAIN SITE</u> (USDOE)	9	Final	Yes 11/2/1988	
DOE	<u>LAWRENCE LIVERMORE NATL LAB (SITE 300)</u> (USDOE)	9	Final	Yes 6/29/1992	
DOE	<u>LAB 4 ENERGY-RELATED HLTH RSRCH/OLD</u> <u>CMP'S LNDFL (DOE)</u>	9	Final	Yes 10/29/1999	
DOE	<u>IDAHO NATIONAL ENGINEERING LABORATORY</u> (USDOE)	10	Final	Yes 12/9/1991	
DOE	<u>HANFORD 300-AREA (USDOE)</u>	10	Final	Yes 5/15/1989	One FFA covers all four Hanford sites (100-Area, 200-Area, 300-Area, 1100-Area)

PRP	Site Name (Hyperlinked to Site Profile)	EPA Reg Status	FFA?	FFA?	Comments
DOE	HANFORD 200-AREA (USDOE)	10	Final	Yes	5/15/1989 One FFA covers all four Hanford sites (100-Area, 200-Area, 300-Area, 1100-Area)
DOE	HANFORD 1100-AREA (USDOE)	10	Deleted	Yes	5/15/1989 One FFA covers all four Hanford sites (100-Area, 200-Area, 300-Area, 1100-Area)
DOE	HANFORD 100-AREA (USDOE)	10	Final	Yes	5/15/1989 One FFA covers all four Hanford sites (100-Area, 200-Area, 300-Area, 1100-Area)
DOE	FEED MATERIALS PRODUCTION CENTER (USDOE)	5	Final	Yes	4/9/1990
DOE	BROOKHAVEN NATIONAL LABORATORY (USDOE)	2	Final	Yes	2/28/1992
DOE	BONNEVILLE POWER ADMINISTRATION ROSS COMPLEX (DOE)	10	Deleted	Yes	5/1/1990
DOI	SANGAMO ELCTRC DUMP/CRAB ORCHRD NW/R (USDOI)	5	Final	Yes	9/13/1991
DOI	LEE ACRES LANDFILL (USDOI)	6	Final	Yes	7/23/2004
DOT	STANDARD STEEL & METAL SALVAGE YARD (USDOT)	10	Deleted	Yes	FFA Not Anticipated Since site has been deleted, FFA not anticipated
DOT	FEDERAL AVIATION ADMINISTRATION TECHNICAL CENTER (DOT)	2	Final	Yes	5/17/1993
NASA	JET PROPULSION LABORATORY (NASA)	9	Final	Yes	12/23/1992
USDA	FREMONT NF/WHITE KING LUCKY LASS URANIUM MINES (USDA)	10	Final	Yes	FFA Not Anticipated Cleanup under separate framework with private parties; FFA not anticipated
USDA	BELTSVILLE AGRICULTURAL RESEARCH CENTER (USDA)	3	Final	Yes	3/2/1998
USSBA	CAL WEST METALS (USSBA)	6	Deleted	Yes	FFA Not Anticipated Since site has been deleted, FFA not anticipated

**Dicks Question 101.** Superfund Removals: Update the chart provided last year on Superfund Removal Program Obligations to reflect 2007 actual and 2008 and 2009 estimated budgets and include the number of lead removal actions completed for each year on the chart.

**Answer:** The chart below provides Superfund Removal Program obligations, FY 2008 and FY 2009 estimated budgets, and the number of Superfund-lead removal actions completed for each fiscal year.

**Superfund Removal Program**  
**Obligations/Budgeted Funding/Completions**  
**FY 2000 - FY 2009**  
*Dollars in Millions*

Fiscal Year	Total Removal Obligations	Total Superfund Appropriations	% of Total Superfund Appropriations	Number of Removal Completions (SF Lead)
2000	\$206.3	\$1,400.0	15%	252
2001	\$203.2	\$1,267.2	16%	202
2002	\$221.9	\$1,270.0	17%	219
2003	\$197.5	\$1,266.3	16%	190
2004	\$198.8	\$1,257.3	16%	203
2005	\$191.5	\$1,247.5	15%	206
2006	\$193.3	\$1,242.1	15%	167
2007	\$192.5	\$1,255.1	15%	200
2008	\$190.0*	\$1,254.0	15%	195*
2009	\$193.9*	\$1,264.2*	15%	195*

*\*FY 2008 and FY 2009 amounts are estimates.*

**Dicks Question 102.** Superfund: Federal Facilities: Your request is basically static. Provide the number of federal facility sites overseen by EPA 2006-2009 and include the number of NPL and Non-NPL sites within those totals.

**Answer:** The following table identifies the number of sites at which Federal facility oversight/technical assistance actions were underway at sites both on the National Priorities List (NPL) and not on the NPL during FY 2006 and FY 2007, and the number of sites with actions estimated to be underway in FY 2008 and FY 2009.



Site Type	Sites with Federal Facility Action Underway in 2006 (Actual)	Sites with Federal Facility Action Underway in 2007 (Actual)	Sites with Federal Facility Action Underway in 2008 (Estimate)	Sites with Federal Facility Action Underway in 2009 (Estimate)
Non-NPL	149	175	139	103
NPL	172	172	172	172
<b>Total</b>	<b>321</b>	<b>347</b>	<b>311</b>	<b>275</b>

**Dicks Question 103.** On page 601, you provide the number of oversight activities at ongoing RI/FS sites and Remedial sites. Provide a table with that information for the EOY 2007, estimates for 2008 and 2009.

**Answer:** The table below provides the number of Federal facility oversight and/or technical assistance actions for Remedial Investigations/Feasibility Studies (RI/FS) and Remedial Actions (RA) that are (or are estimated to be) underway at Federal facilities listed as final on the National Priorities List at the end of FY 2007, 2008, and 2009.

Action	FY 2007 (Actual)	FY 2008 (Estimate)	FY 2009 (Estimate)
RI/FS	404	323	219
RA	194	149	161

Please note that the number of actions stated in the chart above represents only a portion of the workload at Federal facilities. As sites move through the Superfund process, the Agency anticipates significant workload in performing five-year reviews, record of decision reviews, long-term stewardship activities and other actions. RI/FS and RAs are just two of the key activities the program must address when cleaning up contaminated Federal properties and promoting reuse.

**Dicks Question 104.** BRAC V: How many facilities were added through the BRAC V process and why have you not requested additional funds to support this work?

**Answer:** The Base Realignment and Closure (BRAC) Commission Report to the President recommended 837 sites for closure or realignment under the fifth round of BRAC (BRAC V), of which 72 are on the National Priorities List (NPL). At the 72 NPL sites affected by BRAC V, EPA was already working with the Military Services on the cleanup prior to BRAC V and continues to do so. The Agency currently receives resources through the Superfund appropriation for its statutorily required oversight of cleanup activities at NPL sites, regardless of their BRAC status. As a result, the Agency's FY 2009 budget request does not include additional funding for BRAC V related services to the Department of Defense (DoD). If additional work is required on DoD's behalf at BRAC V sites, EPA will request a new BRAC reimbursable funding agreement with DoD.

Currently, EPA has a reimbursable agreement with DoD for EPA's support at installations closed or realigned under the first four rounds of BRAC (BRAC I – IV).

#### SUPERFUND REMEDIAL PROGRAM

**Dicks Question 105.** Your estimate of FY 2008 construction completes is 30, the same as estimated in the FY 2008 Justification. In light of the \$6 million increase provided by Congress for FY 2008, why isn't that number higher?

**Answer:** Construction activities associated with the cleanup of hazardous waste sites generally have periods of duration exceeding two or more years. Therefore, the \$6.2 million increase in the Superfund Remedial program project provided by Congress in FY 2008 will not result in an immediate increase in construction completions.

**Dicks Question 106.** Earlier this month, the OSWER Assistant Administrator, testified before another House Committee on your Fiscal Year 2008 Budget Request for Superfund. At that hearing she was asked how the Agency will achieve an increase in completed construction at Superfund sites, while the budget for that work goes down. She responded that this is a function of where the sites are in the pipeline. Based on the Agency's understanding of the pipeline, provide the number of sites that could be completed with each additional \$10 million increase in funding for your remedial budget up to an additional \$50 million?

**Answer:** It is difficult to predict the direct effect of an increase in resources on the production of future construction completions given the inherent site cleanup uncertainties (environmental/technical/legal/administrative) and related construction variables (especially increased costs of fuel, labor and raw materials), associated with the cleanup of Superfund hazardous waste sites. Moreover, EPA principally bases its construction funding decisions on the risk posed by the site rather than managing sites only to achieve construction completion in a given year. Based on our current understanding of the pipeline, if we directed additional resources based only on achieving construction completions, we would estimate that an additional \$10 to \$50 million in FY 2009 could help ensure the accomplishment of an additional 1 to 5 sites currently planned for construction completion in FY 2011 and 2012 or beyond. It should be noted that construction activities associated with the cleanup of hazardous waste sites often have periods of durations exceeding two years. Therefore, it is unlikely that an increase in funds would result in a near-term increase in construction completions.

**Dicks Question 107.** Also, for the record, please provide the number and estimated cost of work at Superfund sites that had projects "ready to go" to construction in Fiscal Year 2007 but were not funded.

**Answer:** The Agency was able to provide funding to initiate new construction at all projects which were ready to accept funding in FY 2007.

**Question.** When will you have an estimate of the same for the end of FY 2008?

**Answer:** EPA will have an estimate for FY 2008 towards the end of the fiscal year. In addition to Congressional appropriations to initiate construction at fund-financed sites, EPA uses funds from prior fiscal years that are deobligated and recertified for use, as well as resources from special accounts. The cost to initiate projects is also variable – some projects may be able to be started with less than \$1 million, while others will require several million dollars to begin. Also, EPA attempts to fund those projects that address the highest risk. At some sites that may have been projected as fund-lead, potentially responsible parties (PRPs) may assume responsibility for the project. At the end of the fiscal year, when all these factors have taken their course, we can determine whether sites were “ready to go” but not funded. This information is typically compiled, verified, and then reported on the Agency’s website in November following the end of the fiscal year.

**Dicks Question 108.** What is the amount assumed in your request for the Remedial Allowance for new construction, ongoing programs, and post construction activities in FY 2009 and FY 2008?

**Answer:** The FY 2008 President’s Budget included a planning assumption for the Remedial Action Site Allowance budget for new and ongoing construction and post construction activities of \$259 million, which the FY 2009 President’s Budget maintains, noting that the Superfund Remedial program needs the flexibility to balance available resources between pre-construction (site assessment, remedial investigations, feasibility studies, remedy selection, remedial design, oversight of potentially responsible parties, state core program support, etc.) and construction/post-construction (operations and maintenance, long-term groundwater pump and treat operations, five year reviews, remedy optimization, National Priorities List deletions, etc.) activities. Therefore, FY 2009 may require resource reallocations to address needs as they emerge, but EPA expects the Remedial Action Site Allowance budget to be comparable to the FY 2008 planning assumption.

**Dicks Question 109.** Superfund Remedial: In the FY 2008 Justification, you provided a 2008 target of “final site Assessment decisions completed” of 272. Your FY 2009 Justification includes an estimated target for that same year of 400. To what do you attribute that 32% increase?

**Answer:** The 272 final site assessment decisions (FADs) target included in the FY 2008 Justification was based on EPA estimates developed in Spring 2006 for EPA’s 2006-2011 Strategic Plan. At that time, EPA anticipated progressively lower FAD estimates through the strategic planning period due to the expectation that a shift in resources from pipeline activities to remedial cleanup would result in a reduction in site assessments. However, the reduction to regional pipeline funding over the past couple of years has not impacted the regional site

assessment program. Also, work being completed by states through EPA Superfund cooperative agreements has become more results-driven, focusing on FAD accomplishments and reducing non-FAD based work. Based on these factors, EPA now estimates 400 final site assessment decisions each year throughout the remainder of the current strategic planning period.

**Dicks Question 110.** Use of Army Corps of Engineers (ACOE) to Oversee Clean-Ups: In response to Congressional directive to report on how it will monitor compliance with the policy on assigning work to the ACOE, the Agency submitted ONE PAGE, half of which was a repetition of the House Committee's report language. The Committee does not find this acceptable. For the record,

- provide a copy of the memo that reissued the May 2003 guidance;

**Answer:** OSWER has not yet reissued EPA's policy on assigning work to the Army Corps of Engineers (ACOE). A draft policy is currently undergoing review within EPA. The milestone date for reissuing this policy is March 31, 2008.

**Question:** Does the reissued guidance include all of the additional requirements outlined in your one page response? If not, explain why.

**Answer:** The current draft policy on assigning work to ACOE requires the additional requirements outlined in the response EPA previously submitted. Our draft policy requires documentation of the decision to use the ACOE in the decision memorandum prepared as part of the Interagency Agreement (IAG) process. This decision memorandum should document all contracting vehicles considered, describe the various factors that led to the selection of the ACOE or other Federal agency, and discuss the basis for selecting the ACOE. We are proposing that the decision memorandum and the completed list of selection factors become part of the IAG record in EPA's Integrated Grants Management System (IGMS). Thus, the decision documents will be available for review by anyone with access to IGMS, including Headquarters. The draft policy also outlines a requirement that Regions certify that documentation has been prepared for each IAG selecting the ACOE. Headquarters will verify compliance with the policy through a review of documentation in IGMS.

**Question.** Does the guidance mandate the Regions consider additional selection factors? If not, why?

**Answer:** The current draft policy on assigning work to ACOE notes that EPA Regions should document all contracting vehicles considered (ACOE, other Federal agencies, or Response Action Contractors), describe the various factors which led to the selection of ACOE or another Federal agency, and discuss the basis for selecting ACOE or other Federal agency to conduct this work. The draft policy recognizes that various factors may affect the selection of another Federal agency for Superfund remedial design or remedial action support and recommends that Regions use a list of selection factors provided as an attachment to the draft policy when making this decision. The draft policy also notes that Regions may adjust or add factors to this list of selection factors as appropriate.

**Question.** What process does the policy outline for Headquarters' monitoring of the Regional compliance with the policy? If self-certification was the process chosen, explain why.

**Answer:** The current draft policy on assigning work to ACOE requires self-certification in addition to information that will be added to the IGMS system to document the decision. Self-certification was chosen because EPA wanted regional management to be actively involved in the process of selecting the entity that will oversee the cleanup at a particular site and in certifying the documentation. In addition, the Region is more directly involved with the factors that impact site cleanup work and thus regional staff are in the best position to evaluate the most appropriate contract vehicle to perform the work.

**Question.** What other options were considered to monitor Regional compliance with the policy?

**Answer:** In developing the current draft policy, the Office of Superfund Remediation and Technology Innovation (OSRTI) considered a procedure that would require Regions submit their documentation to EPA Headquarters for review and approval. This option had the potential of resulting in Headquarters officials determining how the Regions purchased their remediation support and thus could result in cleanup delays. This method of compliance was not considered the best option due to EPA's response action authority being delegated to the Regions. In addition to self-certification, Headquarters will monitor the Regions through reviews of the IAG documentation. We are proposing that the decision memorandum and the completed list of selection factors become part of the IAG record in IGMS. We anticipate that annually we will select a sample of IAGs and evaluate the decision documentation to ensure that it meets the intent of the policy. Because we are expecting that the decision will become a part of the IAG record in the IGMS system, staff in Headquarters will have immediate access to records for both the formal annual and informal spot check reviews.

**Question.** Provide the amount spent in FY 2006, 2007, and 2008 and 2009 estimates of the IAGs with the ACOE and the number of sites [or projects] covered by those funds.

**Answer:** The table below identifies the value and number of IAGs funded with the ACOE from FY 2006 through FY 2008 (to date). Each IAG represents a project (e.g., remedial design, remedial construction) conducted by the ACOE—any individual site may have multiple projects, and therefore multiple IAGs. Obligation estimates for the remainder of FY 2008 and FY 2009 are not available because funding decisions (and decisions on what funding vehicle to use) are made on a site-specific basis throughout the course of the fiscal year.

Fiscal Year	Funds Issued	# of IAGs
Total FY 2006	\$257 million	282
Total FY 2007	\$216 million	368
FY 2008 through 3/8/2008	\$40 million	148

**Question.** Which Regional offices have the most experience with using contractors other than the ACOE?

**Answer:** Using Remedial program obligation data from FY 2004 through FY 2007 as a measure of experience, Regions 3 and 5 have the most experience using funding vehicles other than IAGs with the ACOE to conduct Remedial program work.

### LEAKING UNDERGROUND STORAGE TANKS TRUST FUND

**Dicks Question 111.** For FY 2008, Congress appropriated from the LUST Trust Fund the money for the expanded grant program, as authorized by the Energy Policy Act of 2005. However, a small portion of the funds were left in the STAG account to cover activities that are not authorized through the LUST Trust Fund. Should Congress once again provide the majority of the grant funding through LUST, what is the amount you would recommend stay in the STAG account?

**Answer:** The President's Budget for FY 2009 details the appropriate funding levels from the EPM, LUST, and STAG appropriations necessary to implement the new Energy Policy Act of 2005 (EPAct) activities and core underground storage tank (UST) requirements. For FY 2009, the budget includes \$22.8 million in STAG funding and proposes a legislative amendment allowing an alternative inspection program. Together the amendment and \$22.8 million in STAG funding will meet the needs of the program for activities related to LUST/UST program work. If however, Congress decides to consider an alternative funding structure like it did in FY 2008 with most funding for EPAct activities coming from the LUST Trust Fund, it is important that Congress continue to provide \$2.5 million in funding from the STAG account. This funding is needed because neither EPAct, nor the LUST tax provisions, authorizes the use of LUST Trust Fund funding for all LUST/UST program activities. For example, neither states nor tribes can use LUST Trust Fund funding, to support core UST program activities such as providing leak detection or leak prevention technical assistance, or developing or amending their leak detection or leak prevention policies, guidance or regulations. Without a change in the EPAct authorization and LUST tax code, some STAG funding for states and tribes will continue to be necessary for these core activities.

**Dicks Question 112.** In FY 2008, Congress provided an increase of almost \$15 million for cooperative agreements and UST grants. Provide an estimate of the increase in inspections and cleanups that will occur because of that increase.

**Answer:** In FY 2007, EPA and our state partners completed the necessary inspections to meet the 2-year inspection requirement outlined in the Energy Policy Act of 2005 (EPAct). Currently, EPA is using FY 2008 underground storage tank (UST) release prevention funding to continue the implementation of EPAct requirements. In particular, the Agency is using this funding to work closely with our state partners to ensure they are on track in meeting 3-year inspection

requirements. The FY 2008 UST release prevention funding is a \$2.3 million increase over the FY 2007 Enacted budget. This increase could lead to an additional 3,500 inspections in FY 2008.

In addition, EPA is currently conducting an evaluation of the remaining backlog of 108,766<sup>5</sup> cleanups to identify the primary obstacles and opportunities to completing additional cleanups in the future. The FY 2008 funding will enable EPA to meet our FY 2008 goal of completing 13,000 cleanups and to continue to reduce the cleanup backlog.

**Dicks Question 113.** In FY 2008, Congress included bill language to allow the new, expanded grant program to fund tribal grants through LUST. Should Congress decide to continue to fund these grants from the LUST account, would that language again be necessary?

**Answer:** Yes. The language in the FY 2008 appropriations bill applied only to FY 2008 funding. To continue to provide grants to Tribes with FY 2009 LUST prevention funds, the grant language will again be necessary.

## OIL SPILL RESPONSE

**Dicks Question 114.** In response to questions last year, the Agency reported that in 2006 it conducted 345 Facility Response Plan inspections, planned 274 for 2007 and 250 for 2008. Provide the 2007 actuals and estimates for 2008 and 2009.

**Answer:** In FY 2007, EPA conducted 319 Facility Response Plan inspections. In FY 2008 and FY 2009, our target is 250 inspections.

**Dicks Question 115.** When did the Agency propose the SPCC rule and what is your estimated timeframe for going final?

**Answer:** EPA proposed modifications to the SPCC requirements on October 15, 2007. We anticipate promulgation of a final rule by the Fall of 2008.

**Dicks Question 116.** Last year you estimated that implementation of the rule would require \$5.7 million. What is your latest estimate and how much, if any, is proposed in the 2009 budget?

**Answer:** Our latest estimate is that implementation of the SPCC regulation will require the same amount as last year.

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<sup>5</sup> End of FY 2007 figure

**STAG**

CLEAN WATER STATE REVOLVING FUND

**Dicks Question 117.** For the Clean Water SRF, provide a table that shows the state by state allocations for FY 2007 and 2008 enacted levels and for your FY 2009 request.

**Answer:** Please refer to the attached table that shows the Clean Water SRF state by state allocations for FY 2007 and 2008 enacted levels and for the FY 2009 President's budget request.



**Clean Water State Revolving Fund  
State Allotments  
FY 2007 Enacted Appropriations, FY 2008 Enacted Appropriations,  
and FY 2009 President's Budget**

	FY 2007 Enacted Appropriation State Allotment	FY 2008 Enacted Appropriation State Allotment	FY 2009 President's Budget State Allotment
Alabama	12,088,700	7,685,900	6,190,400
Alaska	6,470,300	4,113,800	3,313,200
Arizona	7,302,000	4,642,500	3,739,200
Arkansas	7,072,100	4,496,400	3,621,500
California	77,319,700	49,159,300	39,593,800
Colorado	8,647,900	5,499,100	4,428,400
Connecticut	13,244,200	8,420,600	6,782,000
Delaware	5,307,300	3,374,300	2,717,800
District of Columbia	5,307,300	3,374,300	2,717,800
Florida	36,492,800	23,201,800	18,687,200
Georgia	18,279,000	11,621,600	9,360,400
Hawaii	8,373,000	5,323,500	4,287,600
Idaho	5,307,300	3,374,300	2,717,700
Illinois	48,894,500	31,086,800	25,038,000
Indiana	26,054,400	16,565,200	13,341,900
Iowa	14,631,800	9,302,600	7,492,500
Kansas	9,758,400	6,204,200	4,997,000
Kentucky	13,759,500	8,748,100	7,046,000
Louisiana	11,884,500	7,556,000	6,085,700
Maine	8,368,800	5,320,800	4,285,500
Maryland	26,147,400	16,624,300	13,389,500
Massachusetts	36,705,700	23,337,000	18,796,000
Michigan	46,485,100	29,554,900	23,804,200
Minnesota	19,870,600	12,633,500	10,175,300
Mississippi	9,740,200	6,192,700	4,987,800
Missouri	29,970,200	19,055,500	15,346,900
Montana	5,307,200	3,374,300	2,717,900
Nebraska	5,529,600	3,515,700	2,831,600
Nevada	5,307,300	3,374,300	2,717,800
New Hampshire	10,803,800	6,869,000	5,532,400
New Jersey	44,178,400	28,088,100	22,622,900
New Mexico	5,307,300	3,374,300	2,717,800
New York	119,328,900	75,866,900	61,105,000
North Carolina	19,511,500	12,405,300	9,991,500
North Dakota	5,307,200	3,374,300	2,717,900
Ohio	60,861,300	38,695,200	31,165,900
Oklahoma	8,734,300	5,553,100	4,472,700
Oregon	12,212,700	7,764,700	6,253,800
Pennsylvania	42,824,000	27,226,200	21,929,200
Rhode Island	7,259,200	4,615,300	3,717,300
South Carolina	11,075,300	7,041,600	5,671,400
South Dakota	5,307,200	3,374,300	2,717,900
Tennessee	15,705,000	9,985,000	8,042,300
Texas	49,412,800	31,417,200	25,303,300
Utah	5,696,300	3,621,700	2,917,100
Vermont	5,307,300	3,374,300	2,717,800
Virginia	22,125,000	14,066,900	11,329,700
Washington	18,800,700	11,953,200	9,627,300
West Virginia	16,853,000	10,715,000	8,630,000
Wisconsin	29,227,100	18,582,400	14,966,700
Wyoming	5,307,200	3,374,300	2,717,800
American Samoa	970,600	617,100	497,000
Guam	702,300	446,500	359,600
Northern Marianas	451,100	286,800	231,000
Puerto Rico	14,100,400	8,964,800	7,220,600
Pacific Trust Territories	-	-	-
Virgin Islands	563,300	358,200	288,500
<b>State Totals</b>	<b>1,067,560,000</b>	<b>678,745,000</b>	<b>546,675,000</b>
<b>Indians Tribes</b>	<b>16,256,600</b>	<b>10,335,000</b>	<b>8,325,000</b>
<b>Total All Funds</b>	<b>1,083,816,600</b>	<b>689,080,000</b>	<b>555,000,000</b>

**Dicks Question 118.** Last year, the Subcommittee asked you how the Administration decided that \$6.8 million a year was the proper annual federal contribution to the fund. The Subcommittee did not find the answer to be responsive. This year, we will try again. In order for the Fund to “revolve” at \$3.4 Billion a year, you calculated early on that you would request \$850 million a year between 2004 and 2011, for a total appropriation of \$6.8 billion. With each year that Congress has provided more than the \$850 million assumed by the President, the budget request for subsequent years went down. I gather that is how you came to request \$555 million for 2009. The first issues would seem to be how the Administration determined that the fund revolving at \$3.4 billion a year is the appropriate level. Could you describe for us the analysis that the Administration used to determine that the fund should revolve at \$3.4 billion a year? If the analysis is available, please provide it for the record.

**Answer:** In 2004, the Administration proposed extending Federal capitalization of the Clean Water SRF to add \$6.8 billion over 2004 through 2011. Capitalization at this level was projected to result in the Clean Water SRF providing \$3.4 billion in assistance annually, on average over the long term. The funding request was based on the Agency's recognition that a combination of financial and managerial approaches would be needed to help address projected future wastewater infrastructure needs.

The \$3.4 billion long-term revolving level is projected using a planning model developed by EPA to forecast the effect that different program structures have on the ability of CWSRFs to provide financial assistance in the future. The model takes into account various assumptions about key aspects of fund management, including Federal capitalization levels, State match contributions, interest rates, repayment terms, leveraging options, and others that influence the amount of funding provided.

The analysis underlying the \$3.4 billion revolving level projection is based on EPA's assessment of trends in past performance which indicate that over time the Clean Water SRFs are making more efficient use of the funds that become available each year, and the expectation that historical trends would continue. The projected revolving level assumes that the Clean Water SRFs will continue to improve performance by increasing the pace of loan issuance, increasing the rate of project completion, and shortening the length of loan maturity. Along with greater operating efficiencies, the analysis factors in expectations of an expanded funding base from loan repayments, bond proceeds, and interest earnings.

**Dicks Question 119.** Once again this year, your Justification reports (p. 679) that 14% of the POTWs nation-wide do not comply with their permitted wastewater discharge standards. Has that percentage changed in the last 8 years and if so, what were the percentages by year?

**Answer:** The Clean Water SRF PART performance measure shown in the FY 2009 Congressional Justification reports the percentage of all major publicly-owned treatment works (POTWs) that comply with their permitted wastewater discharge standards. Major POTWs include all facilities with design flows of greater than one million gallons per day and facilities with EPA/state approved industrial pretreatment programs. Data available for the past six years

indicate that the percentage has remained stable at about 86 to 87 percent over the past few years, as shown below:

2002: 87%  
 2003: 86%  
 2004: 87%  
 2005: 87%  
 2006: 87%  
 2007: 86%

**Dicks Question 120.** Last year, in response to our questions, you attributed the 14% non-compliance to deterioration of aging infrastructure. What is your estimate of the cost, nationwide, to address aging infrastructure alone?

**Answer:** Based on the 2004 Clean Watersheds Needs Survey (CWNS 2004) Report to Congress issued in January 2008, EPA estimates that nationwide capital investment needs for wastewater pollution control are \$202.5 billion (in constant 2004 dollars). The estimate includes \$69.1 billion for wastewater treatment systems, \$65.3 billion for wastewater collection and conveyance systems, \$54.8 billion for combined sewer overflow corrections, and \$9.0 billion for stormwater management, and \$4.3 billion for recycled water distribution. The needs in this survey represent a \$16.1 billion (8.6%) increase (in constant 2004 dollars) over the 2000 Report to Congress. The increases in wastewater treatment needs and sewer repair and replacement needs are due to a variety of factors. These include rehabilitation of aging infrastructure, facility improvements to meet protective water quality standards, and in some cases, providing additional treatment capacity needed for handling wet weather flows.

While the data in the CWNS 2004 do not provide a direct breakdown of the national costs related to aging infrastructure, the data show that approximately 28.8% of the wastewater treatment needs were generally related to infrastructure improvements. This represented a decrease from the 36.1% reported in 2000. These improvements result in increasing effluent quality or an increase in plant capacity needed for population growth. Another 28.8 % of these needs were related to capital renewal projects needed to sustain the current level of treatment plant performance. This represented a decrease from the 32.4% reported in 2000. These needs are usually for projects involving rehabilitation or replacement to restore the infrastructure to its original condition and function. The remaining 42.4% of these needs were associated with projects that represent a combination of infrastructure improvements and capital renewal. This represented an increase from the 31.5% reported in 2000.

For wastewater collection and conveyance needs, 47.9% of these needs (or \$31.3 billion) were associated with sewer rehabilitation and replacement projects which generally represent capital renewal needs. The remaining 52.1% were associated with new sewer projects, which for the most part, represent infrastructure improvements.

**Dicks Question 121.** Your Justification (p. 679) reports that the fund utilization rate will decrease from 96.7% in 2007 to 93.7% in 2009. Please explain what the utilization rate measures and the impact of the decline.

**Answer:** The Clean Water SRF fund utilization rate measures how quickly Clean Water SRF financial resources are committed to projects. Fund utilization is calculated by dividing total loan commitments by total financial resources, on a cumulative basis.

Since the program's inception in 1988 through June 30, 2007, financial resources of the Clean Water SRFs have grown to \$65 billion. Resources available to the program include Federal funds, State contributions, leveraged bond proceeds, loan repayments, and interest earnings. Of the \$65 billion, States have committed \$63 billion in loans to local communities, yielding a 96.7% fund utilization rate, the highest to date.

The Agency expects the fund utilization rate to remain strong in the upcoming years. The approximation of 93.7% in 2009 reflects consideration of market factors that are beyond the State's control. These factors, which can have an unpredictable effect on the future value of this measure, include uncertainties about the bond market that affect the State's ability to raise capital for projects, changing market interest rates that affect earnings of the fund, and reluctance of potential borrowers to take on new debt because of unfavorable local economic conditions.

Although this approximated performance appears to be a decline from our record performance, it is within a range of performance historically considered high. No significant impact is projected. However, EPA is pursuing ambitious efforts in collaboration with our State partners to develop strategies that reach out to the borrowing community to ensure a steady stream of high priority projects and accelerate project funding.

**Dicks Question 122.** Last year you told us that the states reported more than 5,800 projects on their priority lists. What is the most current number?

**Answer:** Nation-wide, states report that more than 5,740 projects are currently on their project priority lists.

#### DRINKING WATER SRF

**Dicks Question 123.** For the Drinking Water SRF, provide a table that shows the state by state allocations for FY 2007 and FY 2008 appropriations and your FY 2009 request.

**Answer:** Tables that show state by state allocations for FY 2007, FY 2008 appropriations and FY 2009 request are attached. See tables labeled "*Distribution of Drinking Water SRF Appropriation—2007 Data, 2008 Data, 2009 Data*)" response to this question.

DISTRIBUTION OF DRINKING WATER SRF APPROPRIATION (2007 Data) Based on Appropriation of \$837,495,000					
State	Capitalization Grant		State	Capitalization Grant	
	State Grant	% of Funds Available to States		State Grant	% of Funds Available to States
Alabama	\$8,229,000	1.00%	Nevada	\$8,229,000	1.00%
Alaska	\$8,229,000	1.00%	New Hampshire	\$8,229,000	1.00%
Arizona	\$23,355,000	2.84%	New Jersey	\$18,212,000	2.21%
Arkansas	\$10,333,000	1.26%	New Mexico	\$8,229,000	1.00%
California	\$67,105,000	8.15%	New York	\$36,638,000	4.45%
Colorado	\$14,497,000	1.76%	North Carolina	\$27,695,000	3.37%
Connecticut	\$8,229,000	1.00%	North Dakota	\$8,229,000	1.00%
Delaware	\$8,229,000	1.00%	Ohio	\$24,671,000	3.00%
Florida	\$37,169,000	4.52%	Oklahoma	\$13,286,000	1.61%
Georgia	\$23,116,000	2.81%	Oregon	\$12,034,000	1.46%
Hawaii	\$8,229,000	1.00%	Pennsylvania	\$27,719,000	3.37%
Idaho	\$8,229,000	1.00%	Puerto Rico	\$8,229,000	1.00%
Illinois	\$33,567,000	4.08%	Rhode Island	\$8,229,000	1.00%
Indiana	\$11,484,000	1.40%	South Carolina	\$8,229,000	1.00%
Iowa	\$10,252,000	1.25%	South Dakota	\$8,229,000	1.00%
Kansas	\$8,229,000	1.00%	Tennessee	\$8,541,000	1.04%
Kentucky	\$8,630,000	1.05%	Texas	\$67,801,000	8.24%
Louisiana	\$11,659,000	1.42%	Utah	\$8,229,000	1.00%
Maine	\$8,229,000	1.00%	Vermont	\$8,229,000	1.00%
Maryland	\$11,324,000	1.38%	Virginia	\$8,761,000	1.06%
Massachusetts	\$22,036,000	2.68%	Washington	\$17,643,000	2.14%
Michigan	\$28,467,000	3.46%	West Virginia	\$8,229,000	1.00%
Minnesota	\$14,817,000	1.80%	Wisconsin	\$15,931,000	1.94%
Mississippi	\$8,229,000	1.00%	Wyoming	\$8,229,000	1.00%
Missouri	\$15,978,000	1.94%			
Montana	\$8,229,000	1.00%	District of Columbia	\$8,229,000	1.00%
Nebraska	\$8,229,000	1.00%	Other Areas *	\$2,716,000	0.33%
Total Funds Available to States			\$	822,933,000	
<u>National Set-Asides</u>					
American Indian & Alaska Native Water Systems				\$12,562,000	
Health Effects Studies				\$0	
Small Systems Technical Assistance				\$0	
Monitoring for Unregulated Contaminants				\$2,000,000	
Operator Certification Reimbursement				\$0	
Total SRF Appropriation			\$	837,495,000	
* Other Areas include: the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.					

DISTRIBUTION OF DRINKING WATER SRF APPROPRIATION (2008 Data)					
Based on Appropriation of \$829,029,000					
State	Capitalization Grant		State	Capitalization Grant	
	State Grant	% of Funds Available to States		State Grant	% of Funds Available to States
Alabama	\$8,146,000	1.00%	Nevada	\$8,146,000	1.00%
Alaska	\$8,146,000	1.00%	New Hampshire	\$8,146,000	1.00%
Arizona	\$23,118,000	2.84%	New Jersey	\$18,027,000	2.21%
Arkansas	\$10,229,000	1.26%	New Mexico	\$8,146,000	1.00%
California	\$66,424,000	8.15%	New York	\$36,265,000	4.45%
Colorado	\$14,350,000	1.76%	North Carolina	\$27,414,000	3.37%
Connecticut	\$8,146,000	1.00%	North Dakota	\$8,146,000	1.00%
Delaware	\$8,146,000	1.00%	Ohio	\$24,421,000	3.00%
Florida	\$36,792,000	4.52%	Oklahoma	\$13,151,000	1.61%
Georgia	\$22,882,000	2.81%	Oregon	\$11,912,000	1.46%
Hawaii	\$8,146,000	1.00%	Pennsylvania	\$27,437,000	3.37%
Idaho	\$8,146,000	1.00%	Puerto Rico	\$8,146,000	1.00%
Illinois	\$33,226,000	4.08%	Rhode Island	\$8,146,000	1.00%
Indiana	\$11,367,000	1.40%	South Carolina	\$8,146,000	1.00%
Iowa	\$10,148,000	1.25%	South Dakota	\$8,146,000	1.00%
Kansas	\$8,146,000	1.00%	Tennessee	\$8,454,000	1.04%
Kentucky	\$8,543,000	1.05%	Texas	\$67,112,000	8.24%
Louisiana	\$11,540,000	1.42%	Utah	\$8,146,000	1.00%
Maine	\$8,146,000	1.00%	Vermont	\$8,146,000	1.00%
Maryland	\$11,209,000	1.38%	Virginia	\$8,673,000	1.06%
Massachusetts	\$21,813,000	2.69%	Washington	\$17,464,000	2.14%
Michigan	\$28,178,000	3.46%	West Virginia	\$8,146,000	1.00%
Minnesota	\$14,657,000	1.80%	Wisconsin	\$15,770,000	1.94%
Mississippi	\$8,146,000	1.00%	Wyoming	\$8,146,000	1.00%
Missouri	\$15,816,000	1.94%	District of Columbia	\$8,146,000	1.00%
Montana	\$8,146,000	1.00%	Other Areas *	\$2,688,000	0.33%
Nebraska	\$8,146,000	1.00%			
Total Funds Available to States			\$ 814,594,000		
<u>National Set-Asides</u>					
American Indian & Alaska Native Water Systems			\$12,435,000		
Health Effects Studies			\$0		
Small Systems Technical Assistance			\$0		
Monitoring for Unregulated Contaminants			\$2,000,000		
Operator Certification Reimbursement			\$0		
Total SRF Appropriation			\$ 829,029,000		
* Other Areas include: the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.					

DISTRIBUTION OF DRINKING WATER SRF APPROPRIATION (2009 Data)					
Based on Appropriation of \$842,167,000					
State	Capitalization Grant		State	Capitalization Grant	
	State Grant	% of Funds Available to States		State Grant	% of Funds Available to States
Alabama	\$8,275,000	1.00%	Nevada	\$8,275,000	1.00%
Alaska	\$8,275,000	1.00%	New Hampshire	\$8,275,000	1.00%
Arizona	\$23,485,000	2.84%	New Jersey	\$18,314,000	2.21%
Arkansas	\$10,391,000	1.26%	New Mexico	\$8,275,000	1.00%
California	\$67,481,000	8.15%	New York	\$36,843,000	4.45%
Colorado	\$14,576,000	1.76%	North Carolina	\$27,850,000	3.37%
Connecticut	\$8,275,000	1.00%	North Dakota	\$8,275,000	1.00%
Delaware	\$8,275,000	1.00%	Ohio	\$24,809,000	3.00%
Florida	\$37,377,000	4.52%	Oklahoma	\$13,360,000	1.61%
Georgia	\$23,245,000	2.81%	Oregon	\$12,101,000	1.46%
Hawaii	\$8,275,000	1.00%	Pennsylvania	\$27,874,000	3.37%
Idaho	\$8,275,000	1.00%	Puerto Rico	\$8,275,000	1.00%
Illinois	\$33,755,000	4.08%	Rhode Island	\$8,275,000	1.00%
Indiana	\$11,548,000	1.40%	South Carolina	\$8,275,000	1.00%
Iowa	\$10,309,000	1.25%	South Dakota	\$8,275,000	1.00%
Kansas	\$8,275,000	1.00%	Tennessee	\$8,588,000	1.04%
Kentucky	\$8,678,000	1.05%	Texas	\$68,180,000	8.24%
Louisiana	\$11,724,000	1.42%	Utah	\$8,275,000	1.00%
Maine	\$8,275,000	1.00%	Vermont	\$8,275,000	1.00%
Maryland	\$11,387,000	1.38%	Virginia	\$8,810,000	1.06%
Massachusetts	\$22,159,000	2.68%	Washington	\$17,742,000	2.14%
Michigan	\$28,627,000	3.46%	West Virginia	\$8,275,000	1.00%
Minnesota	\$14,900,000	1.80%	Wisconsin	\$16,020,000	1.94%
Mississippi	\$8,275,000	1.00%	Wyoming	\$8,275,000	1.00%
Missouri	\$16,068,000	1.94%			
Montana	\$8,275,000	1.00%	District of Columbia	\$8,275,000	1.00%
Nebraska	\$8,275,000	1.00%	Other Areas *	\$2,731,000	0.33%
Total Funds Available to States			\$ 827,534,000		
<u>National Set-Asides</u>					
American Indian & Alaska Native Water Systems			\$12,633,000		
Health Effects Studies			\$0		
Small Systems Technical Assistance			\$0		
Monitoring for Unregulated Contaminants			\$2,000,000		
Operator Certification Reimbursement			\$0		
Total SRF Appropriation			\$ 842,167,000		
* Other Areas include: the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.					

**Dicks Question 124.** When will the next DW Needs Survey be released and which years will it cover? Do you expect it to radically change the allocation formula?

**Answer:** The results of the 2007 DW Needs Survey are expected to be released in early 2009. The Survey covers anticipated infrastructure investment needs of the drinking water industry for the next 20 years, from 2007 through 2026.

Since the Survey is a water systems-based process that determines needs at the individual water system level on a project-by-project basis, it is not possible to accurately project the results until all individual projects are either accepted or rejected (based on the Survey's policies and procedures) and summed across the States to obtain a national result.

**Dicks Question 125.** What percentage of DWSRF loans (number and dollars) are awarded through zero or low interest loans?

**Answer:** While all DWSRF loans are required to be at or below market rate, in 2007, about 15% of dollars (\$251 million) and 22% of loans (128) included further subsidies, extended loan terms beyond 20 year repayment, and/or some principal forgiveness. Cumulatively, from 1997 through 2007, 18% of dollars (\$2.3 billion) and 26% of loans (1,411) have included some type of further subsidy, extended terms, and/or principal forgiveness. This is out of a total \$12.6 billion lent and 5,346 loans since 1997.

**Dicks Question 126.** According to your Justification, (p. 682), the percentage of the population served by Community Water System that meet all applicable health based DW standards will decrease from 91.5 % in 2007 to 90% in 2009, despite a fairly steady state appropriation for the Drinking Water SRF. Why?

**Answer:** The Agency's FY 2009 target of 90% for percentage of population served by community water systems meeting all applicable health-based standards was set based on a realistic bottom-up approach using historic compliance data. The FY 2009 target applies to over 50,000 community water systems which are required to meet national health-based standards for over 90 contaminants. In setting the target, the Agency considered, in particular, the significant challenges that states and water systems face in implementing existing microbial and disinfection byproducts (MDBP) regulations. These current rules, which include the Total Coliform Rule, the Interim and Long-Term Enhanced Surface Water Treatment Rules, and the Stage 1 Disinfection Byproducts Rule, are complex. While 2007 compliance was in fact 91.5%, compliance between 2004 and 2006 ranged from 88.5% to 90%. Violations can be triggered in a variety of ways and even brief violations, which may be difficult to predict, can significantly impact national results when they occur in large water systems. Taking these factors into account, a 90% target for 2009 is both realistic and ambitious.

To help mitigate the impact of short term violations, EPA instituted a measure of the percent of person-months during which community water systems provide drinking water that meets all applicable health-based standards. "Person-months" is defined as the product of population



served and months. The measure is intended to give a more accurate picture of exposure of the population to contamination. Achievement of the measure will help ensure that the long-term outcome measure of population served by community water systems in compliance at all times is achieved. In 2007, this measure was 96.8%.

#### ALASKA NATIVE VILLAGES

**Dicks Question 127.** Your Justification states (p.684) that your request of \$15.5 million for Alaska Native Villages will leverage funding to provide an additional 500 to 900 homes with wastewater and drinking water services. How many additional homes will be served by the \$24.6 million provided by Congress in FY 2008?

**Answer:** The \$24.6 million provided by Congress in FY 2008 will provide wastewater and drinking water services to approximately 800 to 1,200 homes through the Alaska Native Village program. Estimates are based on a two year average calculation from the FY 2006 and FY 2007 workplans.

#### BROWNFIELDS

**Dicks Question 128.** What is your request for Brownfields technical assistance?

**Answer:** EPA requests \$7.8 million in FY 2009 to support brownfields research, training and technical assistance as authorized under section 104(k)(6) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

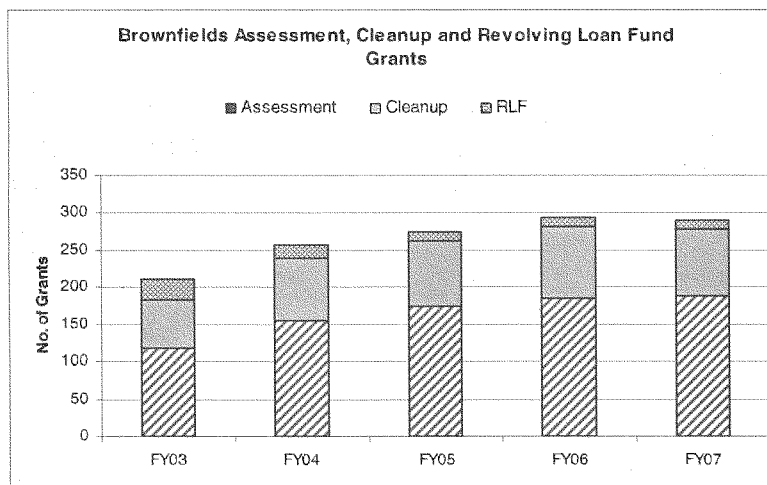
**Dicks Question 129.** Update the charts provided last year which provide the number of Brownfields grants and loans expected to be made in 2009?

**Answer:** As the chart below illustrates, the number of grants awarded from FY 2003 – FY 2006 has increased over time. In FY 2007, there were eleven grants that were not awarded due to selected applicants who did not obtain ownership of their site before June 30, 2007. We expect to increase the number of grants awarded in FY 2008 and FY 2009. It is anticipated that an excess of 300 grants will be selected for award and funding in FY 2008 and FY 2009. The actual number of grants to be awarded, however, can not be predicted with certainty as that number will depend upon the mix of proposals submitted (i.e., the relative number of assessment, cleanup and revolving loan fund applications), the quality of the proposals submitted, as well as the statutory considerations such as the ranking criteria and the requirement regarding the level of funding to be made available to address sites contaminated with petroleum. Revolving Loan Fund grant recipients, both existing and those who are selected for funding in FY 2009, control the actual number, amount, and timing of loans in any given year.

## Brownfields Assessment, Cleanup and Revolving Loan Fund Grants

	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Estimate	FY09 Estimate
<b>Grants</b>							
Assessment	117	155	174	184	188	194	214
Cleanup	66	84	88	98	90	108	128
RLF	28	18	13	12	13	12	7
<b>Total Grants</b>	<b>211</b>	<b>257</b>	<b>275</b>	<b>294</b>	<b>291</b>	<b>314</b>	<b>349</b>

	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Estimate	FY09 Estimate
<b>Dollars (\$M)</b>							
Assessment	\$30.7	\$37.6	\$34.0	\$36.6	\$36.6	\$38.7	\$42.8
Cleanup	\$11.4	\$15.4	\$15.9	\$18.6	\$17.4	\$19.6	\$25.6
RLF <sup>6</sup>	\$30.4	\$20.9	\$20.8	\$15.0	\$16.0	\$15.8	\$7.0
<b>Total Dollars</b>	<b>\$72.5</b>	<b>\$73.9</b>	<b>\$70.7</b>	<b>\$70.2</b>	<b>\$70.0</b>	<b>\$74.1</b>	<b>\$75.4</b>



<sup>6</sup> Each year EPA provides supplemental funding to existing high-performing Revolving Loan Fund grantees to capitalize loans and subgrants to clean up brownfield sites. Supplemental funding for Revolving Loan Fund grants is not included in the actual totals for FY03-FY07 or the planned totals for FY08 and FY09.

## DIESEL EMISSIONS REDUCTION GRANTS

**Dicks Question 130.** FY 2008 was the first year Congress appropriated funds for the new Diesel Emissions Reduction Grants program. Thirty percent of the funds will be used for formula grants to states to implement their own programs. What is the basis of the formula? Provide a state by state allocation of those funds.

**Answer:** The Energy Policy Act of 2005, Subtitle G Sec. 793, specifies that "30 percent of the funds made available for a fiscal year" will support grant and loan programs administered by the States that are designed to achieve significant reductions in diesel emissions reductions. The formula for allocating this funding to the states is provided in the Energy Policy Act Sec.793 (c) and is primarily based on population. The final allocation for participating states depends on how many states elect to participate in the program and whether the state chooses to provide matching funds.

We do not yet know how many states will participate. A Federal Register notice was published March 10, 2008, asking states to notify us of their intention to participate within 45 days. Once we know how many, and which states elect to participate, we will be able to calculate each participating state's allocation.

**Energy Policy Act Sec.793 (c):**

(c) Allocation of Funds.--

(1) In general.--For each fiscal year, the Administrator shall allocate among States for which applications are approved by the Administrator under subsection (b)(2)(B) funds made available to carry out this section for the fiscal year.

(2) Allocation.--Using not more than 20 percent of the funds made available to carry out this subtitle for a fiscal year, the Administrator shall provide to each State described in paragraph (1) for the fiscal year an allocation of funds that is equal to--

(A) if each of the 50 States qualifies for an allocation, an amount equal to 2 percent of the funds made available to carry out this section; or

(B) if fewer than 50 States qualifies for an allocation, an amount equal to the amount described in subparagraph (A), plus an additional amount equal to the product obtained by multiplying--

(i) the proportion that--

(I) the population of the State; bears to

(II) the population of all States described in paragraph (1); by

(ii) the amount of funds remaining after each State described in paragraph (1) receives the 2-percent allocation under this paragraph.

**Dicks Question 131.** With the other 70 percent, what criteria will you use to award these grants and loans and will they require a match?

**Answer:** The Energy Policy Act of 2005 Sec. 792 specifies that 70 percent of the funds made available will be used for a National Grant and Loan Program. The Act further subdivides these funds, specifying that 50 percent will be awarded to eligible entities for the benefit of public fleets. Per Sec. 792(c)(3) priority will be given to proposals that:

- 1) Maximize public health benefits
- 2) Are the most cost-effective
- 3) Are in areas with high population, air quality issues, and air toxic concerns
- 4) Are in areas that receive a disproportionate quantity of air pollution (i.e. truck stops, ports)
- 5) Maximize the useful life of the engine and technology
- 6) Conserve diesel fuel and utilize Ultra-Low Sulfur Diesel (ULSD) (early introduction of ULSD for nonroad projects)

There is no match required by the Act for grants given under Sec. 792.

**Dicks Question 132.** The budget proposed a new \$15 million Sustainable Ports Initiative funded from within the \$50 million Diesel Emissions Grant program. The budget proposes to provide low cost loans to entities that purchase equipment with better emission controls. Can you describe for the Committee in more detail what types of activities will be eligible, and how these projects will be chosen?

**Answer:** The Diesel Emissions Reduction Program, as outlined in Subtitle G of the Energy Policy Act of 2005, addresses emissions from all sectors using diesel engines including freight, rail, construction and agriculture, school buses and port operations. The Sustainable Ports Initiative is a multi-media, cross-EPA effort aimed at reducing the environmental impacts of ports and goods movement. Grants and loans provided through the Diesel Emissions Reductions Program will support the Clean Air and Affordable Energy Theme of the Agency's Sustainable Ports Strategy but there will not be specific set asides under the Diesel Emissions Reduction Program for any one sector.

As outlined in Sec. 792(c)(3) priority will be given to proposals that:

- 1) Maximize public health benefits
- 2) Are the most cost-effective
- 3) Are in areas with high population, air quality issues, and air toxic concerns
- 4) Are in areas that receive a disproportionate quantity of air pollution (i.e. truck stops, ports)
- 5) Maximize the useful life of the engine and technology
- 6) Conserve diesel fuel and utilize Ultra-Low Sulfur Diesel (ULSD) (early introduction of ULSD for nonroad projects)

## MEXICO BORDER

**Dicks Question 133.** According to your Justification (p. 692), since 1994 Congress has appropriated \$953 million for the Mexico Border program. What is the current unliquidated balance and how many projects have been funded with the liquidated funds?

**Answer:** Since 1994, Congress has appropriated \$953 million (including \$20 million in FY 2008) for the U.S.-Mexico Border Program. In addition to funds awarded to the NADBank for the construction of water infrastructure projects (\$636 million), the total appropriation includes line items for the communities of El Paso, Brownsville and Nogales; funding for the International Wastewater Treatment Plant in San Diego; and tribal water infrastructure projects.

The total award to the NADBank for construction of Border Environment Infrastructure Fund (BEIF) projects through the FY 2007 appropriation is \$626 million. As of January 31, 2008 the unliquidated balance totals \$249 million, which includes recent awards of \$42.6 million. Liquidated BEIF funds totaling \$377 million have been used to complete 35 water infrastructure projects and to fund an additional 30 projects that are in various phases of construction.

**Dicks Question 134.** Your Justification (p. 692) states that 3,200 additional people will be served in FY 2008 and FY 2009. Yet, the 2008 enacted level is almost twice your request. How can the same number of people be served with half the money? If the estimates need to be adjusted, provide new estimates.

**Answer:** The table on page 692 reports 2008 and 2009 targets for the efficiency measure *additional people served per million dollars*, not targets for additional people served overall in 2008 and 2009. On average, the program expects to serve an additional 3,200 people per million dollars.

## CATEGORICAL ENVIRONMENTAL PROGRAM GRANTS

**Dicks Question 135.** Environmental Information: How much of the \$11 million request will be used to develop sustainable Network infrastructure for Tribes and territories?

**Answer:** The Exchange Network Grant Program is a competitive process for states, tribes, and territories. All of the grant proposals received by EPA are evaluated and ranked based on the criteria specified in the Solicitation Notice.

EPA sets aside approximately 10 percent of the State and Tribal Assistance Grant (STAG) appropriated funds for tribal assistance agreements, but the number and total amount of tribal assistance agreements may be greater, depending on the merit of the tribal applications submitted and the competitive review of those applications. The 10 percent figure was chosen at the

inception of the grant program, based on a review of how other EPA programs allocated tribal set-asides, and in consultation with the American Indian Environmental Office.

The territories are part of the state allocation. Given the small number of territories and paucity of territorial applications, there was no credible way to develop a set-aside for territories while still maintaining a competitive process. In FY 2007, the Agency awarded one grant in the amount of \$300,000 to a territory. EPA has not received any grant applications from territories for FY 2008.

**Dicks Question 136.** Non-Point Source: Given the proposed reduction, do you still expect states to dedicate the full \$100 million to development and implementation of watershed plans?

**Answer:** Yes, EPA still expects states to dedicate \$100 million to the development and implementation of watershed plans that are designed to restore impaired waters. EPA believes that restoring impaired waters remains the highest priority for the national Nonpoint Source (NPS) program.

**Dicks Question 137.** Non-Point Source: On average how many projects are funded out of that \$100 million and are stormwater projects eligible for funding under this program?

**Answer:** Watershed projects funded by Section 319 vary considerably. With that caveat in mind, we have funded on average approximately 450 projects annually in recent years.

Certain stormwater projects are eligible for funding under Section 319, and others are not. Because Section 319 is a nonpoint source program, Section 319 funds may only be used to fund activities that are not addressed by point source program requirements. Our national guidance on this subject, which has been in effect for at least 13 years, states more fully:

“States may use section 319(h) funds for those urban storm water discharges that are not addressed by Phase I and Phase II stormwater program requirements. These include aspects of Phase I and II activities that support but do not directly implement activities required by Phase I or Phase II permits. EPA and the States recognize the benefits of integrating nonpoint source funds and storm water activities as much as is legally allowable. Listed below are a variety of urban runoff management activities that could be eligible for Section 319(h) funding:

- Technical assistance to State and local storm water programs;
- Monitoring needed to design and evaluate the effectiveness of implementation strategies;
- “Best management practices for pollution prevention and runoff control (except for BMPs required by a draft or final NPDES permit);
- “Information and education programs;
- “Technology transfer and training; and
- “Development and implementation of regulations, policies, and local ordinances to address storm water runoff. (These may apply to areas covered by NPDES permits,

provided that the regulations, policies and ordinances apply to non-permitted areas as well.)”

#### SEC. 106 GRANTS

**Dicks Question 138.** Pollution Control Sec. 106 grants: Again this year you are requesting Bill Language to mandate that \$18.5 million of these funds go towards water quality monitoring activities that meet EPA standard for statistically representative monitoring programs. Last year, Congress did not include this language in the Omnibus, a point that was reemphasized in the Statement of the Managers. Despite that, we have heard reports that you have gone ahead with this program. Describe your proposed plan to proceed and what action the Agency would take if in 2009 Congress again decides to omit this language?

**Answer:** EPA believes that it is adhering to the House language -- that EPA give states flexibility in the use of these funds for state monitoring priorities, and that the language does not preclude applying some of the funds to statistically representative monitoring. Our current allocation provides approximately:

- \$10 million for states to use to enhance their state monitoring programs according to priorities set out in State Monitoring Strategies.
- \$8.5 million for state/Tribal participation in nationally consistent, statistical surveys of water conditions at the national and regional scales.

In order to overcome years of critiques that EPA and states cannot report on the condition of the nation's waters as called for under Clean Water Act Section 305(b), EPA is targeting the smaller portion of these funds for state and Tribal participation in statistical surveys. In 2000, the General Accounting Office reported that EPA and states cannot make statistically valid inferences about water quality and lack data to support key management decisions. In 2001, the National Research Council recommended EPA and states promote a uniform, consistent approach to ambient monitoring and data collection to support core water quality programs. In 2002, the H. John Heinz III Center for Science, Economics, and the Environment found there was inadequate data for national reporting on fresh water, coastal and ocean water quality indicators. The National Association of Public Administrators (NAPA) stated that improved water quality monitoring is necessary to help states make more effective use of limited resources. EPA's 2003 Report on the Environment said that there was not sufficient information to provide a national answer, with confidence and scientific credibility, to the question, 'What is the condition of U.S. waters and watersheds?'

Our knowledge of water quality condition, summarized in the Section 305(b) Report to Congress, is based on monitoring data from a small percentage of the Nation's waters collected using a variety of indicators and methods that cannot be compared across the Nation or over time. Statistical surveys are a cost-effective way to monitor a representative subset to assess the condition of waters nationally. They can be repeated in a scientifically defensible manner to

determine trends. There is wide acceptance of the use of statistical surveys in reports on the Nation's housing, labor, health, agriculture, and other sectors.

The EPA, state and Tribal partnership to implement national aquatic surveys is an efficient means to help overcome the years of critiques and allows us to dedicate the larger portion of the Section 106 monitoring funds to state monitoring priorities. Without targeting a portion of these funds to participation in the national aquatic surveys, some states would not undertake such surveys. Without full participation, we would not get statistically valid results from the national aquatic surveys, effectively eliminating our ability to report on the condition of the Nation's waters or evaluate our overall effectiveness at protecting and restoring water quality.

**Dicks Question 139.** Pollution Control Sec. 106 Grants: How would this limitation change the state allocation of the funds for water quality monitoring and how will it affect the states ability to provide the monitoring needed to do TMDLs?

**Answer:** The use of a portion of the Section 106 monitoring funds for statistically representative monitoring is consistent with the current state allocation of this increase in monitoring funds described in the Federal Register on March 29, 2006 (71 FR 15718). Under the current state allocation, each state receives approximately \$170,000 annually to enhance their monitoring programs to address priorities described in their State Monitoring Strategies. These priorities cover a wide range of water quality management needs under the Clean Water Act, including water quality standards, TMDLs, and NPDES permitting. In addition, each state receives additional funds to participate in the national aquatic resource surveys using statistically representative monitoring design and nationally consistent methods.

**Dicks Question 140.** Pollution Control Sec. 106 Grants: Your Justification states (p. 716) that "Unless at least five additional states meet the criteria for improvement, a portion of the capacity building funds in the monitoring initiative will be reallocated...." What does this mean?

**Answer:** EPA considers state adoption of probabilistic monitoring approaches an important goal. Currently 30 states use these statistically-valid approaches, which provide a far more accurate basis for describing overall state water quality than was historically possible. To continue making progress toward state adoption, the Administration intends to set quantifiable targets of state progress while maintaining existing flexibility in the use of the Monitoring Initiative funds. Our plan is to continue to allocate the Section 106 monitoring funds to both enhance state monitoring programs according to state priorities and collaborate on national aquatic surveys, with the modifications described below:

- At least five additional states each year adopt statistical surveys as an element of their state monitoring programs.
- For every state below the target of five additional states each year, 20 percent of the Section 106 monitoring funds allocated for enhancing state monitoring programs will be redirected to states that are implementing statistical surveys for additional enhancements to their monitoring programs.



**Dicks Question 141.** Pollution Control Sec. 106 Grants: Page 718 of the Justification states that your target goal in 2009 is to have 22.5% of major dischargers in Significant Non-compliance at any time during the fiscal year. If that is your target, what have been the actual percentages over the few years?

**Answer:** The goal for this measure is to maintain or improve the FY 2004 baseline of 22.5% of major dischargers in Significant Noncompliance on a three year rolling average. The actual three year average percentages in Significant Noncompliance are as follows:

**FY03-05 average**

- National Percentage: 19.7%
- Universe of Majors: 6,638

**FY04-06 average**

- National Percentage: 20.2%
- Universe of Majors: 6,611

**FY05-07 average**

- National Percentage: 22.6%
- Universe of Majors: 6,643

**Dicks Question 142.** NPDES Permit Fee: In addition, we understand that you have gone ahead and implemented a set-aside from the 106 grant to use as an incentive to States to charge fees for permits. Again, Congress explicitly rejected that proposal in the 2008 Statement of the Managers. What was the rationale for disregarding this directive? How much will be set aside and which states will benefit?

**Answer:** Consistent with the explanatory statement, no FY 2008 Section 106 grant funds will be used to fund the incentive program. Neither the Consolidated Appropriation Act nor the explanatory statement contains language that would prohibit EPA from proceeding to issue the rule. EPA plans to issue the rule establishing the incentive program in FY 2008; however, we would not begin implementing the program before FY 2009.

The President's Budget request for the Section 106 grant program includes \$3,458,000 more than the FY 2008 enacted level. The Budget request would set aside \$2,710,000 of this increase for the permit fee incentive. The set-aside for the permit fee incentive in FY 2009 would not impact FY 2008 base funds. EPA has not made a determination as to the specific states that will benefit from this incentive program.

**Dicks Question 143.** Air State Grants. You have explained almost half of the reduction in air grants on the premise that state and local air agencies have completed work related to attaining the health-based standards for sulfur dioxide, nitrogen dioxide, carbon monoxide, and lead. But

this assumption may not be totally correct. First of all, while air quality related to the four pollutants may have improved in some areas, at least nitrogen dioxide and sulfur dioxide are precursors to fine particulate matter and it is important for many areas to continue addressing them. Second, we have heard from state and local air agencies that, to the extent that problems related to the four pollutants were ameliorated, many of them shifted the funding related to those activities into higher-priority work. This was done with the knowledge and concurrence of EPA, including the Regional Offices, through workplans that state and local agencies negotiate with EPA. Given that your Regional Offices approve these work plans, what programs do you envision they stop or reduce in order to accommodate these reductions?

**Answer:** The grant recipients do have discretion in how to handle the reductions. The reductions proposed in the President's Budget did take into account the fact that for the 146 areas throughout the country, designated as not meeting the National Ambient Air Quality Standards (NAAQS) for either carbon monoxide (CO), sulfur dioxide (SO<sub>2</sub>), nitrogen dioxide (NO<sub>2</sub>), or lead (Pb), only one Pb nonattainment area is not meeting the NAAQS and the other 145 areas are now measuring clean air. EPA does recognize the need to continue operating some of the existing nitrogen dioxide and sulfur dioxide monitoring stations as it does the other NAAQS pollutants. In addition, the monitoring needs are identified and updated yearly as part of each State's annual monitoring network plan, which is approved by the applicable EPA Regional Office. Each State is also required to develop a comprehensive assessment of their air quality surveillance system every five years with the first formally required one due in July of 2010.

Each recently revised NAAQS network design criteria will be incorporated into five-year assessments of the States' air quality surveillance system. EPA believes that the approved annual monitoring network plans and the five-year assessments of the air quality surveillance system are the best way to prioritize which parts of each State's air monitoring program should be protected or reduced in scope to efficiently utilize the investment that EPA and the States make in air quality monitoring.

By July of 2010, EPA will have completed a recent (within a five-year schedule) review of each NAAQS with the exception of carbon monoxide (expected in 2012). Each NAAQS review process will likely end with a final rulemaking which, among other things, is expected to identify the network design criteria to support the NAAQS.

**Dicks Question 144.** The President's budget request calls for funds for fine particulate monitors to be shifted from Section 103 authority to that of Section 105. As you know, the Section 105 program calls for state and local agencies to provide a 40-percent match. Undoubtedly, it is not a coincidence that EPA plans to reduce the total amount of this monitoring program by an amount equal to the 40-percent match, perhaps under the assumption that state and local agencies will make up the difference with their matching funds. However, we have been told that state and local agencies actually already contribute far beyond their 40 percent – more like 75 percent – of the funds needed for the air program. If they are indeed "overmatched," it seems unlikely that they would increase their share by the amount you are cutting? How is the fine particulate matter monitoring program to survive such a significant reduction and isn't this especially problematic in the face of a new particulate matter standard?

**Answer:** EPA recognizes that State and local agencies make valuable contributions to the nation's air quality management system. The Section 103 grants, that do not require a match, are by statute designed for new research programs and not for sustained long-term efforts such as the particulate matter (PM) monitoring program. The current form of the PM monitoring program was started after the 1997 review of the Particulate Matter National Ambient Air Quality Standard (PM NAAQS). After 11 years of successful monitoring, the Agency believes it is time to transition the program to the Section 105 authority that, by statute, is designed for long-term sustained efforts. It is understandable that State and local agencies are concerned about this transition, but the Agency is committed to providing sustained technical assistance to the State and local agencies in this area.

EPA continues to believe that the existing network is adequate and that while some stations may be relocated to maximize the usefulness of data from the PM<sub>2.5</sub> monitoring networks, the overall size of the network should not be reduced.

**Dicks Question 145.** Once again, your request deletes the bill language which allows the PM monitors to be funded under Section 103 of the CAA. Provide documentation as to the original terms and commitments made to the states at the time the PM monitoring program was initiated during the Clinton Administration.

**Answer:** EPA has no documentation to states on the funding commitments on the PM monitors.

**Dicks Question 146.** Tribal Cooperative Authority: What are the constraints placed by the Administrative Provision carried every year and what changes to the language are needed to make it more flexible?

**Answer:** The most significant constraint of this provision is the annual nature of the request itself. Since there is no permanent statutory authority, the request for authority must be resubmitted each year. Permanent authorization of the DITCA authority, rather than the annual nature of the provision, would provide program continuity.

**Dicks Question 147.** UIC Grant: One of your FY 2009 initiatives is an increase in funds to allow for more energy production permitting. Why then have you not proposed an increase to the UIC state grant to allow for permitting of carbon sequestration projects?

**Answer:** Most of the new carbon sequestration work anticipated in FY 09 will be for development of regulations that will set technical standards for the site, permitting, operation, and closure of carbon injection wells. EPA expects that most of the anticipated increase in permitting work will occur in the out years. The Agency is requesting in the FY 2009 budget resources for non-carbon sequestration energy production permitting in Drinking Water Programs for EPM (\$600 thousand and 3 FTE in the Regions).

While CO<sub>2</sub> storage raises new technical considerations, EPA is committed to continuing to support regional and state regulators for the purposes of implementing the UIC program. Currently, EPA provides nearly \$11 million annually to assist primacy states and EPA regions where states do not have primacy with UIC program implementation. EPA directly implements programs in 10 states and shares responsibility in 7. The FY 2009 President's Budget requests \$10.9 million for this work.

**Dicks Question 148.** Wetlands Grants: According to your Justification (p. 746) the Wetland Grant is for development of state programs. How many states use, or express interest in using this grant to implement those programs once developed?

**Answer:** Wetland Program Development Grants (WPDGs) are issued under Clean Water Act Section 104(b)(3) which generally precludes providing funding to states and tribes for program implementation. EPA became aware of states' and tribes' desire to use grants for program implementation and used the CWA 104(b)(3) authority to issue demonstration projects to offer one-time, three-year Wetland Demonstration Pilot grants. The purpose of the pilots is to demonstrate whether the use of WPDG funding for program implementation results in positive environmental outcomes. Many states expressed interest in the pilot implementation funds: 28 states and 6 tribes submitted 45 proposals when these were solicited in 2005. EPA provided total funding of \$18.6 million over three years for 26 projects in 22 states and one tribe. At this time, grantees have completed the first two years of the pilot program. The pilot will be complete and results compiled in 2009.

As an example of results achieved through the implementation pilots, Michigan created a Compliance and Enforcement Unit to monitor compensatory mitigation sites. Within a one-year period staff inspected 325 acres of mitigation sites that were not previously monitored and are taking steps to bring 185 acres of substandard mitigation into compliance with performance goals, moving the state's regulatory program closer to its goal of no net loss in wetland acres.

**Dicks Question 149.** Targeted Watershed Grants: In FY 2007, Congress provided \$16.6 million for this program, \$5.0 million of which went towards the new Western Estuaries Program. How have you spent the remaining \$11.6 million and if grants have not yet been awarded, when do you expect to award them?

**Answer:** The remaining \$11.6 million from the FY 2007 appropriation was allocated in the following way:

- \$5.4 million was combined with \$7.15 million of the FY 2006 appropriation to make \$12.55 million in awards for the 2006-2007 Targeted Watershed Implementation Grants (TWG) competition. The TWG Program selected 15 finalists for awards. It is expected that awards will be finalized by May of 2008.

- \$4.2 million was set aside for a TWG Trading competition. The request for proposals (RFP) is being finalized. The RFP is expected to be announced on Grants.gov in May 2008 with selected finalists announced in November 2008.
- Finally, \$2 million was set aside for the Chesapeake Bay TWG Program.

**Dicks Question 150.** In Fiscal Year 2007, you initiated the Western Estuaries Grant Program, as part of your targeted watershed grants. In mid-November, EPA's Region 10 announced a grant competition, which I understand resulted in \$10 million worth of proposed projects, or 4 times the funding you have for Fiscal Year 2007. Can you give us an idea of the quality of the proposals you received?

**Answer:** Twenty one eligible proposals were received for the 2007 Western Estuaries Puget Sound Grant competition. The evaluation of the proposals is still ongoing. A committee will be meeting to discuss the proposals and develop funding recommendations. A final decision will be made very soon.

**Dicks Question 151.** Since the grant announcement, Congress has provided additional funding for the Western Estuaries Grant Program. Based on the applications you have received in response to the first announcement, do you think it is possible to fund some of the original \$10 million worth of 2007 proposals with the FY 2008 funds? I understand that you have done this in the past with other grant programs, specifically the Clean School Bus grant program.

**Answer:** The request for proposals (RFP) included language that would allow the option of funding additional ranking projects with FY 2008 funds. In accordance with the EPA Grants Competition Policy, the Regional review committee will need to consider if the remaining proposals are of high enough quality to justify going beyond the original \$2.5 million award amount listed in the RFP. At this time the Regional review committee is weighing this option. A final decision regarding this is expected very soon.

**Dicks Question 152.** Tribal General Assistance Grants: How does the Agency allocate funds by Region for this program?

**Answer:** As the National Program Manager for the Tribal General Assistance Program (GAP), the American Indian Environmental Office (AIEO) is responsible for allocating the funds to the EPA Regional Offices.\* A ceiling amount ("cap") for each region consisting of the number of tribes per region multiplied by \$110,000 is calculated and Regions with caps that are less than \$1 million are allocated the amount totaling \$110,000 times the number of tribes in their region. Regions that have 10 or more tribes (the threshold for reaching \$1 million) are then allocated an initial \$1 million plus any funds remaining from the other Regions with fewer tribes, using a formula that weighs most heavily the number of tribes per region, but also accounts for the tribal population and land base.

**Question:** Provide a chart which indicates the percentage of the program allocated to EPA Region 10 2000-2009.

Answer:

	2000 ENA	2001 ENA	2002 ENA	2003 ENA	2004 ENA	2005 ENA	2006 ENA	2007 ENA	2008 ENA	2009 PB
Region 10	35%	37%	37%	40%	45%	44%	43%	42%	42%	**

\*(Only nine of the EPA's ten regions have federally recognized tribes.)

\*\*We expect to use the same allocation for FY 2009 GAP funds.

## RESCISSION

**Dicks Question 153.** You have requested language to rescind \$10 million from unobligated balances from the STAG account. Provide a breakout of the \$10 million by year and account.

**Answer:** EPA will not know the exact breakout of the \$10 million by appropriation until after specific grants and contracts are completed and closed out at the end of the Fiscal Year on September 30, 2008. EPA has targeted the rescission to come from the STAG account: the STAG appropriation and old appropriations, such as the FWPCA Title II Construction Grants fund, which has rolled into the STAG account.

**Dicks Question 154.** Is there \$10 million in prior year FWPCA Title II grant funds that could be rescinded and if so, is it legally correct to tie the rescission to the STAG account, which did not exist when the Title II funds were appropriated?

**Answer:** The \$10 million will be taken against prior year appropriations in the STAG account, however, the specific sources of the funds will be determined as specific grants and contracts are completed and closed out.

## ENERGY INDEPENDENCE AND SECURITY ACT

**Dicks Question 155.** We understand that due to the timing of enactment for the EISA, your budget request does not have resources to implement the new act. Provide estimate of need in 2009, by account/pa/pp, to implement EISA, with a brief description of the work to be conducted.

**Answer:** EPA is still completing its review of EISA and its effects on our work. The EISA mandates substantial requirements for a number of EPA programs. In particular, it includes new renewable fuel standard provisions that build on EPA's existing RFS program. It also requires consultation between EPA and the Department of Transportation with regard to new CAFE

standards affecting cars and trucks. The work that EPA will perform depends on the nature of the coordination and consultation between EPA and DOT.

### GREENHOUSE GAS REGISTRY

**Dicks Question 156.** Greenhouse Gas Registry: For FY 2008, Congress provided \$3.5 million for you to propose a rule on this. We understand that your FY 2009 request does not include funds to continue this work. Yet the timeframes outlined in the FY 2008 Omnibus Act will require work by the Agency in FY 2009. What is your FY 2009 estimate of resources required to both promulgate a final rule in 2009 and to manage the registry in 2009 and the outyears?

**Answer:** The \$3.5 million is two years funds; EPA will use this funding in FY 2009 as well to complete the rule. EPA is still in early development of the rule and as it becomes final, we will have better estimates of what the implementation costs would be.

**Dicks Question 157.** Greenhouse Gas Registry: Provide a timetable and milestones for completing the final rule.

**Answer:** For the Greenhouse Gas (GHG) Mandatory Reporting rule, EPA is following the Agency's standard Action Development Process and the Administrative Procedures Act for a proposed and final rule. That includes establishing an EPA workgroup, opening a rulemaking docket, conducting inter- and intra-Agency reviews, and then publishing the proposed rule in the Federal Register for public comment by September 2008. After the comment period closes, EPA will review all the comments it received and develop the final rule. Similar to the proposal, the final rule will go through inter- and intra-Agency review before signature and publication in the Federal Register in June of 2009. While we acknowledge this is an aggressive schedule, we are devoting substantial resources towards meeting the proposed and final rule deadlines.

**Dicks Question 158.** Greenhouse Gas Regulations: What are you requesting to develop and promulgate greenhouse gas regulations?

**Answer:** The FY 2009 Request does not include additional funding to develop and promulgate greenhouse gas stationary source regulations.

### HOMELAND SECURITY

**Dicks Question 159.** HS: The request includes an increase of \$2.4 million to train an additional 700 staff to be RSC and IMTs. How many staff are currently trained?

**Answer:** EPA currently has over 1,000 Response Support Corps (RSC) and Incident Management Team (IMT) trained personnel.

**Question:** What is the cost per staff to train?

**Answer:** To date, there is not a specific training cost per staff. Training provided to emergency responders including On-Scene Coordinators (OSC), Incident Management Team members, and Response Support Corps, as well as senior EPA Managers, is developed and delivered by EPA staff and contractors. This homeland security training is not bought "off the shelf" from training vendors. There is no associated training or registration fee to attend the training.

The Agency's Homeland Security strategic planning calls for increasing the number of trained RSC members each year. The IMTs and OSCs must continue to receive new and refresher training and replacements must be trained and developed due to staff turnover. EPA must continue to evaluate and revise its training courses due to emerging and evolving requirements from other Agencies, such as the Department of Homeland Security (DHS), and new Homeland Security Presidential Directives (HSPDs). The cost estimates used in developing the budget request were based on all of these factors.

**Question:** What are their duties and responsibilities once deployed?

**Answer:** RSC and IMT volunteer personnel provide critical support to the existing cadre of EPA emergency response staff. During large-scale catastrophic incidents, these volunteers will provide critical support in Headquarters and Regional Emergency Operation Centers as well as assist with operations in the field. Support provided can include general administrative duties as well as specialized program skills in areas such as air and water monitoring, radiation, contracts, finance, laboratory analysis, and public affairs.

**Question:** How frequently are these staff deployed?

**Answer:** RSC and IMT volunteer personnel are deployed when needed to support incident responses. For example, RSC and IMT volunteers comprised a portion of the over 1,600 EPA employees that were deployed to the Gulf Coast to assist in the response to Hurricanes Katrina and Rita. In addition, support was also provided to Regional and Headquarters offices. To ensure technical proficiency, this cadre of response personnel requires initial and yearly refresher training and they are deployed at least once a year to participate in exercises and workshops.

**Dicks Question 160.** You requested \$3 million for an east coast plane for emergency response and preparedness. (p. 548) Does the estimate include maintenance of and housing for the plane?

**Answer:** EPA estimates that the Airborne Spectral Photometric Environmental Collection Technology (ASPECT) aircraft's yearly costs for maintenance and housing may be as high as \$800 thousand. This was included in the \$3 million request for FY 2009.



**Dicks Question 161.** You are requesting a \$3.5 million increase to accelerate building lab capacity. What have we spent, by year, to build lab capacity for Homeland Security? What is your estimate of the total cost?

**Answer:** This chart displays lab capability funding and obligations for homeland security from FY 2006 – FY 2007.

Fiscal Year	Enacted Budget (\$ in Millions)	Obligations (\$ in Millions)
FY 2006	\$2.1	\$1.0
FY 2007	\$11.6	\$10.1

FY 2008 Enacted resources are \$7.1 million and FY 2009 President's Budget requested resources are \$10.1 million.

The Agency estimates that the total cost per year will continue to be approximately \$10 million annually for the foreseeable future, while, at the same time, the Agency leverages the resources and networks of other laboratories to enhance our overall capabilities.

**Dicks Question 162.** Water Security Initiative. Provide the schedule for award of pilots 2-5 and specify the Fiscal Year source of funds used for each. Explain why five is the correct number of pilots.

**Answer:** EPA will award assistance agreements to the 2<sup>nd</sup> and 3<sup>rd</sup> contamination warning system pilots in spring 2008. Those awards will be fully funded with the FY 2007 appropriation. The Agency plans to award assistance agreements to the 4<sup>th</sup> and 5<sup>th</sup> pilots in 2008. Those awards will be incrementally funded: first with appropriated FY 2008 funds and then with requested FY 2009 funds to complete the grant (extramural) funding for a total of five WSI pilots. Some salary (intramural) funding will be necessary in subsequent years to continue to research additional event detection technologies and data stream integration, provide technical support, and evaluate and disseminate the results from the pilots. EPA identified five pilots as sufficient to address variability among utilities and, thereby, creates a strong basis on which to promote the adoption of contamination warning systems nationwide.

**Dicks Question 163.** Water Security Initiative: Do the pilot cities contribute funds as a cost share of the project? If not, why not.

**Answer:** Each pilot city must contribute a minimum non-federal cost share (match) of 20 percent of the total project cost.

**Dicks Question 164.** Decontamination: You are requesting an increase of \$8.7 million for this activity, with the majority of the increase in the S&T account. Provide a chart that shows, by

year, the total amount provided for this Homeland security initiative and describe how the research has evolved over the years?

**Answer:** The following chart displays EPA's decontamination funding from FY 2006 – FY 2009.

FISCAL YEAR	DOLLARS IN MILLIONS
FY 2006 Enacted Budget	\$30.8
FY 2007 Enacted Budget	\$36.8
FY 2008 Enacted Budget	\$34.4
FY 2009 President's Budget	\$43.1

The research associated with EPA's decontamination activities has significantly evolved from the inception of the program and will continue to be enhanced from this increase. In 2002, EPA's Office of Research and Development's (ORD's) initial decontamination research program consisted of a Safe Buildings Program with subcomponents that included research to develop methods to detect, contain, decontaminate and dispose of chemical and biological (CB) agents of terror. In 2004, HSPD-10 increased EPA's scope to include outdoor contamination and the research program expanded to develop methods to detect, decontaminate, and dispose of CB agents in outdoor environments. At that time, the Safe Buildings Program was limited to methodologies to detect, decontaminate, and dispose of CB associated with building materials. Building materials is defined as those components of a building from the exterior surface of the building to the center of the building (carpet, wallboard, ceiling tile, and steel).

Significant costs are associated with completing the validation of sampling and analysis methods. Research is needed to assure that the methods are reliable and reproducible. The complexity of scaling up technologies from lab to full scale presents significant engineering challenges. EPA needs to better understand how we can contain a release of anthrax within the original area of release. This type of work needs to be done at lab scale to understand mechanisms of material dispersion, and then conduct full scale tests to verify and validate methods of containment.

ORD's initial research program for determining cleanup goals that are protective of human health has evolved to include developing methods to conduct assessments of impact to human health from biological and chemical agents. Currently, ORD is developing its research strategy for radiological agents of terror.

EPA intends to concentrate on completing research needed to be fully prepared to respond to an indoor or an outdoor release of anthrax. Gaps in preparedness that EPA will address in FY 2009 include validation of sampling and analysis methods for spores on various surfaces, improved understanding of the spread of spores after release, development of clean-up goals, materials compatibility of decontamination chemicals, waste minimization, and field tests to validate and train on operating procedures for clean-up after a wide-area anthrax attack.

EPA also has maintained a highly skilled, well-trained and equipped response workforce that can

rise to the challenge of responding to simultaneous INS. Additionally, On-Scene Coordinator responder capabilities were enhanced and tested through their opportunities to participate in a wide variety of intra and inter-agency exercises and drills. The National Decontamination Team developed and presented a Weapons of Mass Destruction (WMD) Decontamination workshop and populated its portfolio with agents of concern.

Focusing in on radiological decontamination, the Agency has made significant progress. The Agency has initiated the radiation state/federal laboratory pilot project, through selection of two initial laboratories, which includes installing laboratory instrumentation and initiating training, procedure preparation, laboratory audits, and proficiency testing. In addition, the Agency has: conducted 10 laboratory capacity audits of commercial radiological laboratories; developed proficiency testing (PT) study design and criteria for incident response; and prepared laboratory radiological analysis documents (for air filters, soils, and incident response method validation) for internal agency review.

**Dicks Question 165.** It appears from your Justification (p. 74) that the FY 2009 emphasis for the decontamination program will be anthrax. How much have we already spent to research decontamination of anthrax and what is your estimate of need in the outyears?

**Answer:** The Office of Research and Development's (ORD's) biological warfare research program has focused largely on anthrax because it is one of the most difficult organisms to inactivate. Through FY 2007, EPA has spent approximately \$21 million on this research. If methods can be developed to effectively inactivate anthrax, they can also be used effectively against most other biological agents. Although, additional work will be necessary to develop less costly, but effective inactivation methods for organisms that are not as strong or persistent. There are significant research gaps in our ability to safely respond to an anthrax event and decontaminate contaminated materials and dispose of the generated waste. They include our ability to assess the risk to human health and develop clean-up goals protective of human health, conduct field scale testing of the clean-up, and disposal methods. Additional gaps exist in the development and validation of methodologies to analyze environmental media for the presence of anthrax. At this time, research to adequately investigate these gaps is estimated to cost approximately \$39 million and take five years to accomplish. However, this estimate is subject to change.

**Dicks Question 166.** Safe Buildings: How does this program differ from, what appears to be from your Justification, the broader decontamination program? Provide a chart that shows, by year, the total amount provided for this homeland security initiative.

**Answer:** The EPA Safe Buildings Program was established in 2002 to develop methods to detect contaminants that may be purposefully introduced into a building, contain those contaminants to minimize the effect of the attack, decontaminate the portions of the building affected by the attack, and dispose of material resulting from cleanup (or decontamination) of the interior of the building. EPA's broader decontamination program was established in calendar year 2005, shortly after the publication of Homeland Security Presidential Directive (HSPD-10),

to develop methods to detect, decontaminate, and dispose of chemical, biological and radiological agents (CBR agents) in outdoor environments.

The following chart shows funding for the Safe Buildings program.

Fiscal Year	Dollars in Millions
FY 2002 Enacted Budget	\$1.5
FY 2003 Enacted Budget	\$40.5
FY 2004 Enacted Budget	\$8.3
FY 2005 Enacted Budget	\$0.6
FY 2006 Enacted Budget	\$3.7
FY 2007 Enacted Budget	\$4.0
FY 2008 Enacted Budget	\$2.0
FY 2009 President's Budget	\$2.0

#### FTE AND SALARY FUNDS

**Dicks Question 167.** Provide a chart that shows FTE, and associated Salaries (PC&B) costs (total amounts regardless of source of funds), by account, program-area and program-project for FY 2007 actual, FY2008 estimate and FY 2009 request. Do not include reimbursable workyears in this analysis.

**Answer:** The estimated Payroll and FTE data are provided in the spreadsheet labeled “EPA’s Payroll and FTE by Program Area”.

**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands--Excludes Reimbursables)

Appropriation Program Area	Program Project	FY 2007 Actuals		FY 2008 Enacted (in 2009 C)		Reported		FY 2009 PresBud	
		\$	FTE	\$	FTE	\$	FTE	\$	FTE
<b>Grand Total</b>		<b>\$2,012,056.0</b>	<b>16,606.8</b>	<b>\$2,075,242</b>	<b>16,926.6</b>	<b>\$2,152,400</b>	<b>16,831.6</b>		
<b>\$&amp;T Total</b>		<b>\$393,995.5</b>	<b>2,550.4</b>	<b>\$503,143</b>	<b>2,510.8</b>	<b>\$313,769</b>	<b>2,497.5</b>		
Air Toxics and Quality		\$45,425.5	375.0	\$47,082	388.0	\$49,052	397.0		
Clean Air Act/Advance Trading Programs		\$0.5	0.0	\$0	0.0	\$0	0.0		
Federal Support for Air Quality Management		\$5,277.8	48.2	\$6,540	49.2	\$6,717	49.2		
Federal Support for Air Toxics Program		\$741.1	6.4	\$659	5.4	\$679	5.4		
Federal Vehicle and Fleet Standards and Certification		\$34,446.2	285.1	\$35,602	285.2	\$37,893	304.2		
Radiation: Protection		\$1,327.0	11.7	\$1,315	11.8	\$1,356	11.8		
Radiation: Response Preparedness		\$2,632.9	23.6	\$2,966	26.4	\$3,207	26.4		
Climate Protection Program		\$4,380.5	32.3	\$4,728	33.8	\$4,963	33.8		
Climate Protection Program		\$4,360.5	32.3	\$4,728	33.8	\$4,963	33.8		
Enforcement		\$9,963.6	80.4	\$11,010	80.5	\$11,791	80.5		
Enforcement		\$9,963.6	80.4	\$11,010	80.5	\$11,791	80.5		
Forensics Support		\$12,962.5	96.0	\$11,478	88.9	\$12,392	85.5		
Homeland Security		\$2,500.9	19.7	\$1,956	15.0	\$2,041	15.0		
Homeland Security: Critical Infrastructure Protection		\$958.1	7.6	\$1,593	12.0	\$1,632	12.0		
Homeland Security: Preparedness, Response, and Recovery		\$4,098.6	31.3	\$3,140	26.6	\$3,307	26.3		
Homeland Security: Preparedness, Response, and Recovery*		\$2,555.9	1.6	\$313	2.0	\$317	2.0		
Homeland Security: Decertification		\$5,048.0	38.8	\$4,436	33.3	\$5,095	40.2		
Indoor Air		\$545.4	5.6	\$611	6.1	\$629	6.1		
Indoor Air: Radon Program		\$283.9	2.8	\$309	3.0	\$318	3.0		
Reduce Risks from Indoor Air		\$261.5	2.8	\$302	3.1	\$311	3.1		
IT / Data Management / Security		\$2,321.9	18.8	\$2,349	17.4	\$2,408	17.4		
IT / Data Management		\$2,321.9	18.8	\$2,349	17.4	\$2,408	17.4		
Operations and Administration		\$237.7	0.0	\$202	0.0	\$262	0.0		
Operations and Administration		\$237.7	0.0	\$202	0.0	\$262	0.0		
Facilities Infrastructure and Operations		\$3,623.3	31.1	\$3,827	32.3	\$3,963	32.3		
Pesticides Licensing		\$0.0	0.0	\$2,205	18.1	\$2,220	18.1		
Pesticides: Protect Human Health from Pesticide Risk		\$0.0	0.0	\$1,316	11.6	\$1,423	11.6		
Pesticides: Protect the Environment from Pesticide Risk		\$0.0	0.0	\$306	2.6	\$320	2.6		
Pesticides: Realize the Value of Pesticide Availability		\$1,795.7	15.3	\$0	0.0	\$0	0.0		
Pesticides: Registration of New Pesticides		\$1,827.6	15.8	\$0	0.0	\$0	0.0		
Pesticides: Review / Reregistration of Existing Pesticides		\$3,415.6	28.1	\$30,439	268.8	\$33,064	268.6		
Research: Clean Air		\$6,538.1	58.5	\$0	0.0	\$0	0.0		
Research: Air Toxics		\$0.0	0.0	\$26,791	236.2	\$28,545	236.4		
Research: Clean Air		\$4,794.9	39.2	\$3,648	32.6	\$4,519	32.2		
Research: Global Change		\$22,085.6	183.4	\$0	0.0	\$0	0.0		
Research: NAAQS									

\* Superfund Transfer amount (net of superfund appropriation totals)

**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands--Excludes Reimbursables)

Appropriation Program Area	Program Project	FY 2007 Actuals		FY 2008 Enacted in 2008 C.J.		(Reported)		FY 2009 PresBud	
		\$	FTE	\$	FTE	\$	FTE	\$	FTE
Research: Clean Water		\$50,986.5	451.5	\$52,465	446.6	\$51,469	427.0		
Research: Drinking Water		\$22,879.7	203.1	\$23,411	207.2	\$22,851	180.2		
Research: Water Quality		\$28,106.8	248.4	\$29,054	239.4	\$28,618	236.8		
Research: Human Health and Ecosystems		\$98,822.6	789.2	\$94,836	770.5	\$95,087	742.3		
Human Health Risk Assessment		\$20,588.8	161.6	\$22,055	167.2	\$22,113	163.7		
Human Health Risk Assessment *		\$1,929.6	14.7	\$1,980	14.9	\$2,056	14.9		
Research: Computational Toxicology		\$4,260.1	34.7	\$3,993	34.3	\$4,339	32.7		
Research: Endocrine Disruptor		\$5,697.8	53.4	\$6,331	54.4	\$6,127	50.1		
Research: Fellowships		\$464.1	4.5	\$318	2.7	\$307	2.6		
Research: Human Health and Ecosystems		\$63,292.2	520.3	\$126	0.0	\$0	0.0		
Human Health		\$0.0	0.0	\$25,440	207.1	\$26,957	211.2		
Ecosystems		\$0.0	0.0	\$34,603	289.9	\$33,188	267.1		
Research: Land Protection		\$15,770.5	132.0	\$16,474	138.5	\$19,959	151.9		
Research: Land Protection and Restoration		\$5,298.6	43.8	\$5,075	50.4	\$7,067	58.8		
Research: Land Protection and Restoration*		\$10,481.9	88.2	\$10,599	88.1	\$11,892	93.1		
Research: Sustainability		\$10,067.9	83.3	\$9,226	76.2	\$9,690	70.8		
Research: Economics and Decision Science(EDS)		\$137.2	1.9	\$0	0.0	\$0	0.0		
Research: Environmental Technology Verification (ETV)		\$-17.4	0.0	\$0	0.0	\$0	0.0		
Research: Sustainability		\$9,910.4	81.4	\$9,226	76.2	\$9,690	70.8		
Research: SITE Program		\$37.7	0.0	\$0	0.0	\$0	0.0		
Toxic Research and Prevention		\$13,955.7	125.3	\$15,281	126.3	\$16,126	137.4		
Research: Pesticides and Toxics		\$13,855.7	125.3	\$15,281	126.3	\$16,126	137.4		
Water: Human Health Protection		\$2,932.3	25.8	\$3,135	26.9	\$3,213	26.9		
Drinking Water Programs		\$2,932.3	25.8	\$3,135	26.9	\$3,213	26.9		
<b>EPA Total</b>		<b>\$1,291,825.0</b>	<b>10,652.2</b>	<b>\$1,330,040.0</b>	<b>10,649.7</b>	<b>\$1,389,118.0</b>	<b>10,733.1</b>		
Air Toxics and Quality		\$128,614.1	1,079.7	\$131,026	1,001.6	\$136,596	1,050.1		
Clean Air Allowance Trading Programs		\$10,815.4	66.6	\$11,270	89.1	\$11,602	86.6		
Federal Stationary Source Regulations		\$12,918.8	108.4	\$12,630	105.8	\$13,190	103.6		
Federal Support for Air Quality Management		\$15,024.3	645.7	\$17,275	651.5	\$61,142	660.5		
Clean Diesel Initiative		\$96.3	1.0	\$0	0.0	\$0	0.0		
Federal Support for Air Toxics Program		\$16,348.7	134.6	\$16,595	129.4	\$17,327	136.4		
Radiation: Protection		\$5,316.6	62.1	\$7,022	69.1	\$6,169	59.1		
Radiation: Response Preparedness		\$1,062.4	15.5	\$2,096	15.9	\$2,165	15.9		
Stratospheric Ozone Domestic Programs		\$1,060.6	25.7	\$2,096	23.8	\$2,021	23.8		
Brownfields		\$13,620.5	114.9	\$15,622	127.9	\$15,910	125.9		
Brownfields		\$13,620.5	114.9	\$15,622	127.9	\$15,910	125.9		
Climate Protection Program		\$23,421.8	190.4	\$22,956	178.7	\$22,992	179.2		
Climate Protection Program		\$15,638.6	131.6	\$13,374	106.0	\$13,701	106.0		

\* Superfund Transfer amount (not in superfund appropriation base)

**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands—Excludes Reimbursables)

Appropriation Program Area	Program Project <i>Energy STAR Mercury to Markets</i>	FY 2007 Actuals		FY 2008 Enacted (in 2008 C.)		Reported		FY 2009 PresBud	
		\$	FTE	\$	FTE	\$	FTE	\$	FTE
Compliance		\$7,208.0	55.7	\$8,550.0	69.2	\$8,847.0	69.7	\$8,847.0	69.7
		\$375.2	3.1	\$432.0	3.5	\$444.0	3.5	\$444.0	3.5
Compliance Assistance and Centers		\$101,944.5	886.3	\$104,478.0	890.1	\$107,978.0	883.1	\$107,978.0	883.1
Compliance Incentives		\$23,056.4	198.6	\$23,489.0	196.8	\$23,875.0	191.8	\$23,875.0	191.8
Compliance Monitoring		\$8,610.9	65.2	\$9,646.0	73.7	\$9,430.0	70.2	\$9,430.0	70.2
Enforcement		\$70,277.2	622.5	\$71,343.0	619.6	\$74,673.0	621.1	\$74,673.0	621.1
		\$158,448.4	1,252.2	\$167,842.0	1,321.5	\$175,787.0	1,321.3	\$175,787.0	1,321.3
Civil Enforcement		\$109,101.3	888.7	\$117,588.0	864.9	\$119,675.0	842.7	\$119,675.0	842.7
Criminal Enforcement		\$32,825.5	215.1	\$33,672.0	220.1	\$38,408.0	240.1	\$38,408.0	240.1
Environmental Training		\$1,928.3	15.9	\$1,927.0	15.6	\$2,000.0	15.6	\$2,000.0	15.6
Environmental Justice		\$2,278.1	17.0	\$2,022.0	16.9	\$2,275.0	16.9	\$2,275.0	16.9
NEPA Implementation		\$12,215.2	105.5	\$12,633.0	104.0	\$13,429.0	106.0	\$13,429.0	106.0
Environmental Protection / Congressional Priorities		\$24.4	0.1	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Congressionally Mandated Projects		\$24.4	0.1	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
Geographic Programs		\$13,855.4	107.3	\$13,559.0	106.2	\$16,482.0	124.5	\$16,482.0	124.5
Geographic Program: Chesapeake Bay		\$2,943.2	22.7	\$2,948.0	21.7	\$3,052.0	22.7	\$3,052.0	22.7
Geographic Program: Great Lakes		\$6,585.3	52.7	\$7,492.0	58.1	\$7,878.0	58.1	\$7,878.0	58.1
Geographic Program: Gulf of Mexico		\$1,382.0	11.7	\$1,710.0	14.0	\$1,703.0	14.0	\$1,703.0	14.0
Geographic Program: Other		\$789.9	4.2	\$1,469.0	12.4	\$1,465.0	12.4	\$1,465.0	12.4
Regional Geographic Initiatives		\$187.9	1.6	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0
		\$2,007.1	14.4	\$0.0	0.0	\$2,384.0	17.3	\$2,384.0	17.3
Homeland Security		\$6,022.5	36.8	\$5,617.0	45.8	\$5,807.0	36.8	\$5,807.0	36.8
Homeland Security: Communication and Information		\$2,232.0	13.0	\$2,647.0	17.0	\$2,716.0	17.0	\$2,716.0	17.0
Homeland Security: Critical Infrastructure Protection		\$3,052.0	18.6	\$2,092.0	22.8	\$2,171.0	13.8	\$2,171.0	13.8
Homeland Security: Preparedness, Response, and Recovery		\$412.2	2.9	\$0.0	0.0	\$447.0	3.0	\$447.0	3.0
Decontamination		\$-2.5	0.0	\$432.0	3.0	\$0.0	0.0	\$0.0	0.0
Homeland Security: Protection of EPA Personnel and Infrastructure		\$328.8	2.3	\$446.0	3.0	\$473.0	3.0	\$473.0	3.0
Indoor Air		\$11,995.8	95.7	\$12,609.0	102.1	\$12,384.0	97.1	\$12,384.0	97.1
Indoor Air: Radon Program		\$4,129.2	34.2	\$4,366.0	36.9	\$4,467.0	36.4	\$4,467.0	36.4
Reduce Risk from Indoor Air		\$7,857.6	61.5	\$8,253.0	65.2	\$7,887.0	60.7	\$7,887.0	60.7
Information Exchange / Outreach		\$73,148.0	619.4	\$73,978.0	613.7	\$75,374.0	606.6	\$75,374.0	606.6
Children and Other Sensitive Populations: Agency Coordination		\$1,711.2	12.6	\$1,729.0	11.9	\$2,069.0	13.9	\$2,069.0	13.9
Environmental Education		\$2,186.6	16.0	\$2,542.0	19.6	\$0.0	0.0	\$0.0	0.0
Congressional, Intergovernmental, External Relations		\$42,169.4	374.4	\$42,868.0	364.4	\$44,928.0	370.9	\$44,928.0	370.9
Exchange Network		\$3,541.6	23.7	\$3,288.0	24.0	\$3,426.0	24.0	\$3,426.0	24.0
Small Business Ombudsman		\$2,533.4	11.5	\$1,360.0	10.0	\$1,679.0	12.0	\$1,679.0	12.0
Small Minority Business Assistance		\$1,210.0	9.3	\$1,125.0	9.8	\$1,376.0	11.8	\$1,376.0	11.8
State and Local Prevention and Preparedness		\$6,352.0	52.0	\$7,218.0	57.9	\$7,555.0	57.9	\$7,555.0	57.9
TRI / Right to Know		\$4,813.0	41.9	\$5,498.0	43.0	\$5,664.0	43.0	\$5,664.0	43.0
Tribal - Capacity Building		\$8,630.8	78.0	\$8,350.0	73.1	\$8,677.0	73.1	\$8,677.0	73.1

\* Superfund Transfer amount (not in superfund appropriation totals)

**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands--Excludes Reimbursables)

Appropriation Program Area	Program Project	FY 2007 Actuals		FY 2008 Enacted (in 2009 C.)		(Reported)	
		\$	FTE	\$	FTE	\$	FTE
International Programs (Note change of PPs in FY 2009)							
US Mexico Border		\$10,557	80.7	\$10,557	\$75	\$10,762	72.9
Commission for Environmental Cooperation		\$2,683.0	22.0	\$2,709	21.2	\$0	0.0
Environment and Trade		\$773.5	6.1	\$828	6.4	\$0	0.0
International Capacity Building		\$1,156.1	8.0	\$1,395	8.9	\$0	0.0
POPs Implementation		\$4,531.6	34.7	\$3,577	27.1	\$0	0.0
Treaty & Governance		\$1,412.4	9.9	\$1,579	11.3	\$0	0.0
International Sources of Pollution		\$0.0	0.0	\$0	0.0	\$2,313	13.3
		\$0.0	0.0	\$0	0.0	\$8,449	59.6
IT / Data Management / Security							
Information Security		\$43,269.6	352.3	\$44,284	355.8	\$45,625	355.3
IT / Data Management		\$1,951.9	10.0	\$2,123	15.3	\$2,177	15.3
		\$41,317.7	342.3	\$42,161	340.5	\$43,448	340.0
Legal / Science / Regulatory / Economic Review							
Administrative Law		\$89,053.2	668.5	\$92,088	676.1	\$95,772	672.5
Alternative Dispute Resolution		\$4,381.7	33.6	\$4,401	34.7	\$4,401	33.7
Civil Rights / Title VI Compliance		\$576.0	5.3	\$803	5.9	\$856	5.9
Legal Advice: Environmental Program		\$7,802.5	71.1	\$8,373	70.0	\$8,454	68.5
Legal Advice: Support Program		\$34,978.6	237.5	\$34,952	244.0	\$36,544	244.0
Regional Science and Technology		\$11,352.1	81.0	\$12,289	85.3	\$13,007	85.3
Regulatory Innovation		\$616.5	3.5	\$375	3.0	\$257	2.0
Regulatory/Economic-Management and Analysis		\$13,022.9	112.0	\$13,816	106.7	\$14,281	106.6
Science Advisory Board		\$12,880.0	99.4	\$13,929	104.2	\$14,282	104.2
		\$3,442.9	25.1	\$3,140	22.3	\$3,390	22.3
Operations and Administration							
Facilities Infrastructure and Operations		\$156,644.7	1,355.8	\$167,670	1,394.7	\$178,017	1,409.2
Security		\$45,467.0	341.4	\$55,395	383.5	\$55,788	383.7
Central Planning, Budgeting, and Finance		\$2,884.7	25.4	\$0	0.0	\$0	0.0
Acquisition Management		\$41,379.5	372.3	\$42,844	369.7	\$46,695	376.1
Financial Assistance Grants / IAC Management		\$20,726.1	147.4	\$21,789	203.5	\$24,063	213.1
Human Resources Management		\$15,759.2	149.3	\$17,566	158.6	\$18,536	158.6
		\$30,428.2	270.0	\$32,066	269.4	\$34,935	277.7
Pesticides Licensing (Note change of PPs in FY 2008)							
Pesticides: Protect Human Health from Pesticide Risk		\$95,187.5	686.4	\$97,564	686.2	\$98,200	665.2
Pesticides: Protect the Environment from Pesticide Risk		\$0.0	0.0	\$46,727	365.3	\$47,079	354.1
Pesticides: Realize the Value of Pesticide Availability		\$0.0	0.0	\$30,953	242.5	\$30,441	229.4
Pesticides: Field Programs		\$0.0	0.0	\$9,060	72.1	\$9,824	75.4
Pesticides: Registration of New Pesticides		\$13,806.9	117.1	\$0	0.0	\$0	0.0
Pesticides: Review / Reregistration of Existing Pesticides		\$36,930.4	293.3	\$0	0.0	\$0	0.0
Science Policy and Biotechnology		\$33,788.0	269.7	\$0	0.0	\$0	0.0
		\$662.2	6.3	\$924	6.3	\$856	6.3
Resource Conservation and Recovery Act (RCRA)							
RCRA: Waste Management		\$89,246.7	736.2	\$91,458	751.8	\$92,485	726.1
RCRA: Corrective Action		\$51,503.3	432.3	\$50,154	416.9	\$50,023	397.0
RCRA: Waste Minimization & Recycling		\$20,221.0	236.8	\$20,746	252.7	\$31,355	246.9
		\$8,522.4	67.1	\$10,558	82.2	\$11,107	82.2

\* Superfund Transfer amount (not in superfund appropriation totals)



**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands--Excludes Reimbursables)

Appropriation Program Area		Program Project		FY 2007 Actuals		FY 2008 Enacted (in 2009 C)		Reported		FY 2009 PresBud	
		\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Toxics Risk Review and Prevention											
Endocrine Disruptors		\$59,638.1	468.3	\$60,471	461.1	\$62,486	459.1				
Toxic Substances: Chemical Risk Review and Reduction		\$2,226.0	16.3	\$1,539	11.0	\$1,595	11.0				
Pollution Prevention Program		\$30,903.5	237.2	\$32,288	241.1	\$33,460	241.1				
Toxic Substances: Chemical Risk Management		\$10,847.6	86.8	\$11,621	86.6	\$11,617	86.6				
Toxic Substances: Lead Risk Reduction Program		\$6,623.2	51.5	\$4,548	33.4	\$4,734	33.4				
Toxic Substances: Lead Risk Reduction Program		\$9,037.8	76.5	\$10,475	87.0	\$10,680	87.0				
Underground Storage Tanks (LUST / UST)		\$6,845.9	58.2	\$8,570	71.7	\$8,997	72.4				
LUST / UST		\$6,845.9	58.2	\$8,570	71.7	\$8,997	72.4				
Water: Ecosystems											
Great Lakes Legacy Act		\$22,571.5	188.6	\$24,021	200.1	\$24,359	195.1				
National Estuary Program / Coastal Waterways		\$1.1	0.0	\$0	0.0	\$0	0.0				
Wetlands		\$6,676.3	50.1	\$6,735	53.1	\$6,364	48.1				
Wetlands		\$15,894.1	138.5	\$17,296	147.0	\$17,984	147.0				
Water: Human Health Protection											
Beach / Fish Programs		\$65,237.3	546.8	\$68,181	564.9	\$70,840	564.2				
Drinking Water Programs		\$938.3	7.9	\$930	7.7	\$960	7.7				
Water Quality Protection		\$64,299.0	538.9	\$67,251	557.2	\$69,880	556.5				
Water Quality Protection		\$132,488.4	1,127.6	\$137,662	1,144.8	\$142,286	1,136.5				
Marine Pollution		\$5,546.9	43.2	\$5,670	43.7	\$5,892	44.1				
Surface Water Protection		\$126,941.5	1,084.4	\$131,992	1,101.1	\$136,404	1,092.4				
IG Total		\$39,764.1	307.5	\$40,930	331.8	\$39,771	331.8				
Audits, Evaluations, and Investigations											
Audits, Evaluations, and Investigations		\$39,764.1	307.5	\$40,939	331.8	\$39,771	331.8				
Audits, Evaluations, and Investigations		\$28,653.0	223.7	\$32,044	269.8	\$33,769	287.7				
Audits, Evaluations, and Investigations*		\$10,911.1	83.8	\$8,965	72.0	\$6,002	44.1				
SF Total		\$357,078.9	2,950.7	\$371,276	3,056.8	\$366,931	3,031.7				
Air Toxics and Quality											
Radiation Protection		\$1,464.9	13.5	\$1,499	14.7	\$1,667	14.7				
Compliance											
Compliance Incentives		\$616.5	4.3	\$426	2.8	\$409	2.8				
Compliance Monitoring		\$117.2	1.0	\$151	0.9	\$114	0.9				
Compliance Monitoring		\$499.3	3.3	\$275	1.9	\$285	1.9				
Enforcement											
Environmental Justice		\$132,068.4	1,086.1	\$135,177	1,117.3	\$138,628	1,092.6				
Superfund: Enforcement		\$7,580.0	6.0	\$0	0.0	\$0	0.0				
Superfund: Federal Facilities Enforcement		\$113,453.4	931.7	\$116,528	971.9	\$120,819	961.2				
Civil Enforcement		\$7,950.2	50.8	\$6,069	74.3	\$9,351	72.8				
Civil Enforcement		\$226.0	2.1	\$176	1.7	\$0	0.0				
Criminal Enforcement		\$6,638.6	44.1	\$6,977	48.8	\$5,817	38.0				
Enforcement Training		\$526.6	4.8	\$641	5.3	\$596	5.3				
Forensics Support		\$2,115.6	16.6	\$1,786	15.3	\$1,945	15.3				

\* Superfund Transfer amount (not in superfund appropriation totals)

**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands—Excludes Reimbursables)

Appropriation Program Area	Program Project	FY 2007 Actuals		FY 2008 Enacted (in 2009 C)		FY 2009 Pre-Bud	
		\$	FTE	\$	FTE	\$	FTE
<b>Homeland Security</b>							
	Homeland Security: Critical Infrastructure Protection	\$13,597.4	99.8	\$14,908	111.9	\$15,495	110.9
	Homeland Security: Preparedness, Response, and Recovery	\$1,297.9	7.7	\$1,359	11.2	\$1,357	8.2
	Laboratory Preparedness and Response	\$10,662.9	80.3	\$11,155	83.1	\$11,673	85.1
	Decontamination	\$52.8	0.3	\$40.1	3.0	\$42.0	3.0
	Information Exchange / Outreach	\$1,593.8	11.5	\$1,953	14.6	\$2,045	14.6
<b>Information</b>							
	Congressional, Intergovernmental, External Relations	\$127.8	1.3	\$128	1.1	\$0	0.0
	IT / Data Management / Security	\$127.8	1.3	\$128	1.1	\$0	0.0
<b>Information Security</b>							
	IT / Data Management	\$4,112.6	38.2	\$3,655	32.0	\$3,978	32.5
	Legal / Science / Regulatory / Economic Review	\$18.8	0.2	\$59	0.5	\$73	0.5
	Alternative Dispute Resolution	\$4,093.8	38.0	\$3,596	31.5	\$3,505	32.0
	Legal Advice: Environmental Program	\$821.1	4.3	\$532	4.6	\$598	4.6
	Legal Advice: Environmental Program	\$215.6	1.3	\$155	1.4	\$206	1.4
	Legal Advice: Environmental Program	\$605.5	3.0	\$377	3.2	\$492	3.2
<b>Operations and Administration</b>							
	Facilities Infrastructure and Operations	\$40,028.0	349.3	\$42,343	359.7	\$45,197	358.9
	Financial Assistance Grants / IAC Management	\$4,560.7	30.7	\$4,479	22.4	\$5,024	25.9
	Acquisition Management	\$2,165.2	19.9	\$2,201	18.9	\$2,413	18.9
	Human Resources Management	\$15,338.7	141.1	\$16,599	153.8	\$17,860	149.8
	Human Resources Management	\$3,750.7	28.6	\$3,631	26.9	\$3,908	26.9
	Central Planning, Budgeting, and Finance	\$14,192.7	129.0	\$15,233	137.7	\$16,192	137.4
<b>Superfund Cleanup</b>							
	Superfund: Emergency Response and Removal	\$165,042.2	1,381.9	\$172,610	1,412.7	\$180,859	1,414.7
	Superfund: EPA Emergency Preparedness	\$33,567.9	276.1	\$35,678	288.4	\$37,853	282.4
	Superfund: Federal Facilities	\$5,352.8	40.1	\$5,715	44.1	\$6,977	44.1
	Superfund: Remedial	\$15,535.7	134.0	\$16,522	134.0	\$17,285	134.0
	Superfund: Remedial	\$110,585.8	928.7	\$114,695	946.2	\$119,744	944.2
<b>LUST Total</b>		<b>\$8,139.1</b>	<b>67.3</b>	<b>\$8,827</b>	<b>75.3</b>	<b>\$9,551</b>	<b>75.3</b>
<b>Compliance</b>							
	Compliance Assistance and Centers	\$532.6	5.0	\$667	4.8	\$720	4.8
	Compliance Assistance and Centers	\$532.6	5.0	\$667	4.8	\$720	4.8
<b>Operations and Administration</b>							
	Facilities Infrastructure and Operations	\$816.9	6.5	\$987	9.0	\$1,136	9.0
	Acquisition Management	\$26.6	0.0	\$53	0.0	\$55	0.0
	Central Planning, Budgeting, and Finance	\$113.5	1.0	\$0	0.0	\$0	0.0
	Human Resources Management	\$873.8	5.5	\$931	9.0	\$1,078	9.0
	Human Resources Management	\$3.0	0.0	\$3	0.0	\$3	0.0
<b>Research: Land Protection</b>							
	Research: Land Protection	\$175.8	1.3	\$152	1.9	\$233	1.9
	Research: Land Protection and Restoration	\$175.8	1.3	\$152	1.9	\$233	1.9
<b>Underground Storage Tanks (LUST / UST)</b>							
	Underground Storage Tanks (LUST / UST)	\$6,513.8	54.5	\$6,821	59.6	\$7,462	59.6
	Underground Storage Tanks (LUST / UST)	\$6,513.8	54.5	\$6,821	59.6	\$7,462	59.6

\* Superfund Transfer amount (not in superfund appropriation totals)

**EPA's Payroll and FTE by Program Area**  
(Dollars in Thousands--Excludes Reimbursables)

Appropriation Program Area	Program Project	FY 2007 Actuals		FY 2008 Enacted in 2009 C)		(Reported in 2009 C)		FY 2009 PresBud	
		\$	FTE	\$	FTE	\$	FTE	\$	FTE
<b>OIL Total</b>		<b>\$11,352.5</b>	<b>80.7</b>	<b>\$12,148</b>	<b>102.2</b>	<b>\$13,281</b>	<b>102.2</b>		
Compliance		\$247.0	1.9	\$245	1.8	\$256	1.8		
	Compliance Assistance and Centers	\$247.0	1.9	\$245	1.8	\$256	1.8		
Enforcement		\$1,576.1	13.3	\$1,985	15.5	\$2,165	15.5		
	Civil Enforcement	\$1,576.1	13.3	\$1,985	15.5	\$2,165	15.5		
Oil		\$9,359.3	74.7	\$9,753	84.0	\$10,658	84.0		
	Oil Spill Prevention, Preparedness and Response	\$9,359.3	74.7	\$9,753	84.0	\$10,658	84.0		
Operations and Administration		\$53.0	0.0	\$57	0.0	\$58	0.0		
	Facilities Infrastructure and Operations	\$53.0	0.0	\$57	0.0	\$58	0.0		
Research: Land Protection		\$117.1	0.8	\$109	0.9	\$124	0.9		
	Research: Land Protection and Restoration	\$117.1	0.8	\$109	0.9	\$124	0.9		

\* Superfund Transfer amount (not in superfund appropriation totals)

**Dicks Question 168.** What is the average Grade at EPA and how does that compare to other Federal Agencies of similar size and mission?

**Answer:** EPA's average grade is comparable to other Federal Agencies of similar size and mission as the following chart illustrates.

	EPA (2008)	EPA (2004)	Energy	NASA
Average Grade	12	12	13	13

Source: OPM FedScope (2004 latest available) for the other agency's besides EPA

**Dicks Question 169.** What percent of your workforce are Grade 14s, 15s, and SES and how does that compare to other Federal Agencies of similar size and mission?

**Answer:** The percentage of EPA's workforce at the 14, 15, and SES levels is comparable to other Federal agencies of similar size and mission as the following chart illustrates.

GRADE COMPARISON				
	EPA (2008)	EPA (2004)	Energy	NASA
Total (All Pay Plans)	18,051	18,567	15,051	19,276
Grade 14	2,884	2,978	2,734	4,186
Grade 15	2,332	2,173	2,027	3,369
SES, SL, ST	325	326	565	580
% of workforce at 14, 15, SES, SL, ST	30.70%	29.50%	35.40%	42.20%

Source: OPM FedScope (2004 latest available) for the other agencies besides EPA.

**Dicks Question 170.** Provide the number of SES positions by account and indicate how many Schedule C and Career.

**Answer:** The following chart displays the amount of SES positions by National Program Managers (NPMs) and regions. Data for encumbered positions as of February 17, 2008. Does not include Presidential appointed and Senate Confirmed employees.

EPA Office	SES (Only)			Non SES
	Filled SES Non-Career	Filled SES Career	Total Filled SES	Filled Schedule C
Office of the Administrator	10	16	26	20
Office of Air and Radiation	1	21	22	1
Office of Administration and Resources Management	1	15	16	1
Office of the Chief Financial Officer	0	8	8	0
Office of Enforcement and Compliance Assurance	1	29	30	1
Office of Environmental Information	0	7	7	0
Office of the General Counsel	1	8	9	0
Office of Intern. Affairs	0	5	5	1
Office of the Inspector General	0	8	8	0
Office of Prevention, Pesticides and Toxic Substances	1	22	23	0
Office of Research and Development	0	28	28	0
Office of Solid Waste and Emergency Response	1	16	17	0
Office of Water	0	19	19	2
Region Total	10	63	73	1
<b>TOTAL</b>	<b>26</b>	<b>265</b>	<b>291</b>	<b>27</b>

Notes: 1) OARM is currently gathering data by appropriation account.

**Dicks Question 171.** Your request for PC&B, Agency-wide, \$2,152,400,000, which the committee has learned will fund 16,311 FTE. That is an average of \$131,960 per FTE. Is that the correct amount assumed in your budget for the average cost per FTE? If not, provide the correct average and explain the difference.

**Answer:** Yes, an average cost of \$131,960 would be the correct estimate of the cost per FTE in the budget derived simply by dividing the \$2,152,400,000 PC&B by 16,311.3 FTE. However, the President's 2009 Budget funds 16,834 direct FTE for EPA. This ceiling FTE number incorporates a lapse rate of 1-2%. EPA uses a lapse rate of 1-2% to manage its payroll costs. The average cost per FTE in President's 2009 budget is \$127,860. Given that a higher 3.5% COLA was incorporated for FY 2008, EPA plans to recalibrate its payroll and FTE usage for FY 2009 while maintaining about the average payroll costs and about the same FTE level presented in the President's Budget.

Our calculations take into account that new employees are not immediately brought onboard when other employees leave. Also, within certain parameters, EPA allows local managers the flexibility to determine whether the work is best done via contract or by Federal FTE. In addition, EPA may evaluate tools such as slowing hiring to accommodate the impacts of the higher FY 2008 COLA. EPA is encouraging hiring lower graded employees when employees leave the Agency to reduce ongoing costs.

### GENERAL BUDGET

**Dicks Question 172.** Provide a list by account, program area, and program-project of any FY 2008 Congressionally-directed increases (minus the rescission) not sustained in your FY 2008 operating plan.

**Answer:** All the Congressionally-directed increases were sustained in the FY 2008 Enacted Budget. An Operating Plan was not required to be submitted in FY 2008.

**Dicks Question 173.** Provide a table showing for your Agency the amount of funds awarded during fiscal year 2007 (or the most recent year for which data is available) for projects or program thru contracts, cooperative agreements or grants where the awards are done on a sole source basis or through any other similar process that is not based on formula allotments or other transparent, merit based competitive process.

**Answer:** The following table illustrates EPA's FY 2007 cumulative total competitive and non-competitive data for both contracts and grants/cooperative agreements

EPA's FY 2007 Cumulative Competitive and Non-Competitive Contracts and Grants/ Cooperative Agreements Data <i>Dollars in Thousands</i>				
	1	2	3 (1+2)	4 (2/3)
	Total Competitive	Total Non- Competitive	Total Dollars	Percent Non- Competitive
Contracts	\$1,048,312.0	\$261,534.0	\$1,309,846.0	20.0%
Discretionary Grants/ Cooperative Agreements	\$201,000.0	\$89,000.0	\$290,000.0	30.7%

**Questions for the Record**  
**Questions from Representative Jim Moran**  
**Environmental Protection Agency**  
**Hearing Date: February 26, 2008**

**ENERGY**

**Moran Question 1.** The Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007 require EPA to implement a new program dramatically increasing the use of renewable fuel, including cellulosic ethanol, in the nation's gasoline supplies by 2022. What activities does EPA plan to undertake in 2009 to further this goal?

**Answer:** The Energy Independence and Security Act (EISA) of 2007 amended Clean Air Act provisions requiring a Renewable Fuel Standard (RFS) that were first established in the Energy Policy Act of 2005. In particular, Congress amended Section 211(o) of the Clean Air Act to increase the renewable fuel standard from 7.5 billion gallons in 2012 to 36 billion gallons in 2022.

The Agency is currently working expeditiously to promulgate the implementing regulations. We will be building on the existing RFS program, which should streamline implementation of the second round of RFS standards.

The existing program established new mechanisms for tracking and enforcing RFS requirements. We expect to be able to build on those mechanisms to implement the second round of standards. In developing the existing program, we also forged a strong working relationship with industry, state and environmental group stakeholders, and we expect to be able to utilize their expertise and insights in developing the additional regulatory mechanisms required by the new RFS standards.

We also plan to develop a report to Congress as required by Section 209 of EISA to assess the emission and air quality impacts of the required increase in the use of renewable fuels.

**Moran Question 2.** EPA's Energy Star program, which saves energy, saves consumer's money, and reduces greenhouse gases, is cut by \$4 million to \$44.2 million. Americans purchased more than 300 million ENERGY STAR qualified products in 2006 across more than 50 product categories for a cumulative total of more than 2 billion. Americans, with the help of ENERGY STAR, prevented 37 million metric tons of greenhouse gas emissions in 2006 alone—equivalent to the annual emissions from 25 million vehicles—and saved more than \$14 billion on their utility bills. The program has a well established track record of delivering substantial benefits for every federal dollar spent. Every dollar results in more than \$60 in net energy bill savings (this is net of the cost of the energy efficiency improvement – and is the present value of the energy savings that result over the next several years).

Given this phase-down in federal investment, how does EPA plan to support its 2009 activities for Energy Star -- continuing to expand the program to add new product categories, revising existing product categories, expanding residential programs to new markets, and supporting strategic energy management in the commercial and industrial sectors?

**Answer:** EPA will use appropriated FY 2009 funding to preserve the integrity of the ENERGY STAR label, as directed in the 2005 Energy Policy Act. These activities include updating existing specifications, working with existing focus industries, supporting partner efforts in targeted residential markets and promoting the ENERGY STAR Challenge in the commercial sector.

In the FY 2008 Enacted budget, the Energy Star program received an additional \$5.0 million. EPA will continue to support all priority activities in the Energy Program at the FY 2009 President's Budget level. EPA will use the \$5million in additional funding to capitalize on the current, overwhelming interest in the ENERGY STAR program. In 2007 alone the number of Energy Star partners grew about 20%--from close to 10,000 organizations to over 12,000. These new partners included about 1,500 new homes builders, 200 manufacturers, and 200 retailers. Upon joining, these organizations need guidance from EPA to fully utilize the tools and resources provided by the program.

In FY 2009 EPA will:

- Continue the ENERGY STAR program across the residential, commercial, and industrial sectors, including:
  - Adding new ENERGY STAR qualified product categories and revising specifications for existing product categories;
  - Expanding the ENERGY STAR residential programs to new markets around the country; and
  - Supporting more partners in the commercial and industrial sectors in the pursuit of strategic energy management through ENERGY STAR.

## HOMELAND SECURITY

**Moran Question 3.** The '09 proposal includes \$10.9 million for Water Security. Could you provide an update on how these funds will be spent and what specific assistance will be available to high threat areas, such as the Washington, DC metropolitan area.

**Answer:** The FY 2009 President's Budget includes \$22.6 million<sup>7</sup> for the Water Security Initiative, an increase of \$10.9 million over the FY 2008 enacted budget. The FY 2009 appropriation will be to complete grant (extramural) funding for the 4<sup>th</sup> and 5<sup>th</sup> contamination warning system pilots (which will initially be funded using the FY 2008 appropriation). In addition, FY 2009 funds will be used for the following: providing oversight of and technical

<sup>7</sup> \$1.3 million of the \$22.6 million is associated with the Water Alliance for Threat Reduction.



assistance to the 2<sup>nd</sup> through 5<sup>th</sup> pilots; evaluating data from the pilots; developing technical reports and guidance on contamination warning systems; conducting research on key information needs for contamination warning systems (e.g., event detection, methods); and conducting outreach with drinking water stakeholders.

The technical reports and guidance on contamination warning systems that the Agency continues to develop will assist all high threat areas (such as the Washington, DC area) with activities such as planning, design, operations, and response.

## ENDOCRINE DISRUPTORS

Last fall, the Government Reform Committee held a hearing on intersex fish, i.e., male fish with undeveloped ovaries. The cause of these deformed fish is thought to be endocrine disruptors found in our fresh water streams and rivers. It's been more than 10 years since Congress passed both the Food Quality Protection Act (FQPA) and amendments to the Safe Drinking Water Act (SDWA). Both of these laws contain provisions calling for the screening and testing of chemicals and pesticides for possible endocrine disrupting effects. These laws require EPA to develop a screening program that uses appropriate validated test systems and other scientifically relevant information and determine if the effect that certain substances have in humans is similar to the effect produced by a naturally occurring hormone.

In a letter to the Committee dated October 2007, EPA stated that it expects to finalize a list of 73 chemicals for priority testing early this year. The Agency estimated that once testing orders are issued, it will take at least 15 months to complete the Tier 1 battery of tests on an individual chemical to determine whether the chemical can interact with the endocrine system. Tier 2 testing, to confirm the Tier 1 findings and provide data that can be used in a risk assessment, is expected to take an additional three years. EPA does not anticipate issuing additional testing orders until the initial round of Tier 1 testing is complete. At that point, chemicals would be tested as part of the pesticide registration review process at a rate of about 70 per year. At that rate, EPA expects that it will take 15 years to complete review of 1,080 pesticide active ingredients, and considerably longer to complete review of 2,775 inert ingredients. EPA expects that it will take decades to screen all possible chemicals under the Safe Drinking Water Act authority.

The Endocrine Disruptor Screening and Testing Advisory Committee (EDSTAC) has recommended that, to speed up the process of evaluating these chemicals, the Agency develop predictive computer models and *in-vitro* based high throughput screening assays to ensure that limited testing capacity is directed toward those compounds with the greatest likelihood of endocrine disruption. Little progress has been made in this area as EPA focused on developing the Tier 1 screening program.

**Moran Question 4.** Do you think 15 years or longer is a reasonable amount of time for the public to wait to learn whether dangerous endocrine disrupting chemicals are being used to

produce the nation's food supply or are present in the nation's drinking water?

**Answer:** At the outset, EPA notes that we have an extensive body of studies to describe the potential effects of pesticides on human health and the environment. It is important to recognize that EPA reviews a wide array of studies that have been required and submitted to the Agency by pesticide manufacturers as part of the initial registration, re-registration, or tolerance reassessment programs. Many of the studies required to determine if a pesticide is eligible for registration provide some information on potential endocrine effects.

The Endocrine Disruptor Screening Program (EDSP) was required to develop a battery of validated and scientifically credible endocrine screening assays. Assessing the potential of chemicals to interact with endocrine systems is a new and complex scientific undertaking. When the Food Quality Protection Act (FQPA) was enacted, there was no set of widely accepted, scientifically validated endocrine screening assays. Therefore, because the statute required the use of validated assays, EPA needed to develop assays, (in some cases where no previous assays existed), and optimize the assays so that they could be sufficiently sensitive to detect the effects for which they were intended. Finally, the Agency needed to ensure that the assays would produce similar results in multiple independent laboratories (i.e., validation). This was a time consuming and technically challenging process.

Beginning in August 2008 EPA will require industry to begin screening pesticide chemicals using the Tier 1 screening battery. Chemicals that are identified as positive in Tier 1 will be evaluated for further testing in Tier 2. The battery will only include assays that have completed EPA's validation process, and the assays comprising the battery will be based on recommendations from the Agency's Scientific Advisory Panel, scheduled to meet in March 2008. After receiving the results from the screening battery on the initial group of pesticides, EPA will optimize the battery and begin routinely requiring endocrine screening during its registration review. This schedule ensures the systematic and orderly review of all active ingredients and avoids overwhelming the available laboratory capacity.

Finally, while implementing the screening program and evaluating its outcomes, EPA is concurrently pursuing an ambitious research program to develop predictive tools to help prioritize chemicals for future screening and testing. These approaches include cell based assays that can be run in a high throughput mode and computer based predictive systems. These tools can be applied to both pesticidal and non-pesticidal chemicals so that chemicals that are most likely to interact with the endocrine system can be identified more quickly and using fewer resources, and then considered for screening and testing along with those identified for pesticide registration review. As new technologies for screening large numbers of chemicals emerge (e.g., <http://www.epa.gov/comptox/toxcast>), testing priorities may also be based on a wider range of potential endocrine effects. In sum, by evaluating the results from actual testing from Tier 1 and Tier 2, along with predictive models, this approach should reduce the risk to the public because potentially higher risk chemicals will be tested and assessed sooner.

**Moran Question 5.** EPA has stated that resource and budget constraints have not been a factor in the delay in initiating the first round of Tier 1 testing. Yet it has not made significant progress

on the research the EDSTAC recommended that could speed up the overall testing effort. Why then are you proposing to cut endocrine disruptor research by \$363,000 for a proposed budget of \$10.1 million and cut endocrine disruptor funding under the Environmental Programs & Management's Toxics Risk Review and Prevention program by \$2.9 million for a budget of \$5.9 million?

**Answer:** For endocrine disruptor research by the end of FY08, EPA's Office of Research and Development will have completed all of the research needed for the development of the Tier 1 assays and the assays will have undergone validation by the Office of Prevention, Pesticides, and Toxic Substances and the Organization for Economic Cooperation and Development (OECD) so that Tier 1 testing can begin in August 2008. Funding is believed to be adequate for the only remaining assays (fish and amphibian Tier 2 assays) for which research will continue until their completion in FY10. Funding for 2009 at the \$5.8 million level under the Environmental Programs & Management's Toxics Risk Review and Prevention program is sufficient to maintain the program's momentum for moving forward since Tier 1 screening will be initiated in August 2008. Some studies can only be designed and conducted after the results of earlier studies are known. Thus, such studies can only be conducted sequentially, so additional funds would not accelerate the validation and availability of Tier 2 assays ahead of the target of 2010.

**Moran Question 6.** As an alternative to the current approach, the Committee has directed EPA to draft a proposal with a funding plan for an extramural research grant program under which academic institutions would apply for funding to conduct endocrine disruptor research. What is the status of that proposal?

**Answer:** In response to the Congressional language in the FY08 appropriations bills, EPA has begun to develop a draft proposal for an extramural grants research program. It is expected to be completed by the third quarter of this fiscal year.

#### ENVIRONMENTAL EDUCATION

I see that EPA has once again provided *no* funding for the Office of Environmental Education in its budget request, despite the fact that Congress has funded environmental education at \$9 million for the past few years. Environmental Education should be a core part of EPA's mission to advance scientifically sound policies that the public can understand and support.

**Moran Question 7.** Can you explain why EPA has chosen not to fund this important program?

**Answer:** Since FY 2003, the Agency has stated that environmental education is now an integral part of its programs. Additionally, many states, local governments, non-profit, and private organizations also have developed their own environmental education programs.

**Moran Question 8.** How can we continue highly successful programs such as the Teachers Award Program, The Environmental Education and Training Partnership, and the

congressionally chartered National Environmental Education and Training Foundation in the absence of federal support?

**Answer:** The availability of environmental education has matured over the last several years, in part due to EPA seed funding. Now, there is other support from many sources across the state, local, non-profit, and private sectors.

For example, individual partners in the Environmental Education and Training Partnership, such as Project Learning Tree, Project WET and Project Wild, would continue to offer their non-EPA funded training workshops. There are also a number of teacher award programs that are currently administered by national organizations such as the National Education Association and the National Science Teachers Association that make EPA's previous award program duplicative. In addition many of EPA's other programs have incorporated aspects of environmental education.

As environmental education has become more mainstream, the need to provide funding for this stand alone program as well as the National Environmental Education and training Foundation is not as essential as it once was.

#### EPA LIBRARIES

Beginning in early 2006, without public announcement or congressional approval, EPA began dismantling its network of technical and research libraries. Altogether EPA has closed regional libraries serving 23 states and its headquarters library in Washington, D.C. It has also reduced services and hours in libraries covering another 14 states. In addition, EPA has shuttered several of its specialized, technical libraries, such as its unique library dedicated to the effects of pesticides and new chemicals.

Congress has now ordered EPA to restore library services across the country and earmarked \$3 million for that purpose. The report language attached to the omnibus appropriations bill for the remainder of the 2008 fiscal year directs EPA to use \$3 million to "restore the network of EPA libraries recently closed or consolidated by the Administration..." and to report within 90 days on its plans to "restore publicly available libraries to provide environmental information and data to each EPA region..."

**Moran Question 9.** What progress has EPA made in restoring library services?

**Answer:** EPA is committed to an Agency Library Network that places continued emphasis on implementation of new library technologies while maintaining an appropriate level of access to both physical libraries and library staff. As we complete our plans for ensuring appropriate physical space for libraries previously closed to walk in traffic, we will also ensure that our other libraries meet a minimum set of standards to ensure robust and consistent service to staff and the public across our facilities. EPA staff members will continue to have a full range of library

services including: reference and research assistance, document delivery and inter-library loan services and access to an extensive set of electronic documents through EPA's Desktop Library and the Online Library System.

In strengthening the EPA's Library Network, the Agency is building on past successes, incorporating best library practices, and increasing emphasis on new digital technologies. EPA has been making great progress in digitizing our documents so they are available to a broader audience. The Agency now has over 26,000 EPA documents that are available online, more than doubling the number of documents that were available electronically just a year and a half ago.

Consistent with the language of the Joint Explanatory Statement accompanying the Consolidated Appropriation Act (H.R. 2764) for FY 2008, EPA is preparing a report to provide the status of the Library Network and the plan for restoring on-site libraries and allocation of the \$1 million congressionally-directed funding towards this effort in FY 2008. This report is due to Congress by the end of March 2008.

**Moran Question 10.** What is the status of the GAO investigation into the closings that began in November 2006?

**Answer:** EPA received a draft copy of the Report dated February 2008 from GAO for review and comment. The Agency's comments on the draft were submitted to GAO on February 14, 2008. The final report was released by GAO on March 13, 2008.

#### CLEAN AIR ACT

EPA has once again proposed cutting funding that supports the work of state and local air quality agencies (-\$31.2 million). I am troubled by this proposed cut. Nationwide, EPA has found cutting the grant program will result in the loss of state air officials and seriously impair states' ability to prepare implementing ozone and particulate matter standards. In addition, it is likely that Congress will enact legislation addressing greenhouse gases that will impose a significant new regulatory burden on the states.

**Moran Question 11.** Is it appropriate for the federal government to eliminate state air official positions, cutting state resources and administrative expertise on air programs, when a significant new regulatory burden is on the horizon?

**Answer:** The FY 2009 President's Budget request proposes reductions in state air grants which reflect substantial progress that has been made in attaining the NAAQS for lead and carbon monoxide (CO). State efforts are now focused on maintaining compliance with the lead and CO NAAQS and therefore funding for these activities reflects this shift. The federal motor vehicle control program and existing state and local programs will maintain carbon monoxide at levels meeting NAAQS. In addition, new national programs, such as CAIR, will reduce SO<sub>2</sub> and NO<sub>x</sub>

as part of the program for reducing particulate emissions and the implementation of these programs will allow states to leverage existing resources to maximize cost-effectiveness of their efforts.

Grant recipients have discretion in how those reductions are handled, under section 105 authority states have latitude to make funding decisions for their state air program providing the necessary performance measures are met. Increases and decreases in state air program positions are state decisions based on the overall strategic direction of that state's air program. The EPA provides national guidance to help make those state level strategic decisions. For example, to implement air monitoring network changes needed for each revised NAAQS, updated network design criteria will be incorporated into five-year assessments of the States' air quality surveillance system. EPA believes that the approved annual monitoring network plans and the five year assessments of the air quality surveillance system are the best way to prioritize which parts of each state's air monitoring program should be protected or reduced in scope to efficiently utilize the investment that EPA and the States make in air quality monitoring.

The U.S. Court of Appeals for the District of Columbia recently ruled that the EPA violated the Clean Air Act in 2005 when it exempted coal plants from the strictest emission controls for mercury and other toxic substances like arsenic, lead and nickel. EPA's Clean Air Mercury Rule would have created a cap-and-trade program to allow utilities to swap rights to emit mercury to comply with overall limits that would reduce nationwide emissions by 70 percent by 2018. The court ruled that EPA must fundamentally rework its mercury rules for utilities.

**Moran Question 12.** The U.S. Court of Appeals for the District of Columbia recently ruled that the EPA violated the Clean Air Act in 2005 when it exempted coal plants from the strictest emission controls for mercury and other toxic substances like arsenic, lead and nickel. EPA's Clean Air Mercury Rule would have created a cap-and-trade program to allow utilities to swap rights to emit mercury to comply with overall limits that would reduce nationwide emissions by 70 percent by 2018. The court ruled that EPA must fundamentally rework its mercury rules for utilities.

Will EPA's budget request provide the resources necessary to develop the new regulations directed by the court? When will these regulations be in place? Does EPA plan to continue to pursue a cap-and-trade approach?

**Answer:** EPA and the Department of Justice evaluated the recent D.C. Circuit court decision. The United States Government and other parties in the case filed a petition for rehearing before the full court on March 24, 2008, a decision by the Court of Appeals is pending.

**Moran Question 13.** Given that there is no national rule in place to cut emissions of mercury and other toxins from power plants, what technical or other support will EPA provide to states and tribes that are enforcing their own standards to reduce the risks from these emissions?

**Answer:** Although the court vacated the Clean Air Mercury Rule (CAMR), significant reductions in emissions of nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>) and mercury will be realized with the Clean Air Interstate Rule (CAIR) and Clean Air Visibility Rule (CAVR). The CAIR and CAVR are expected to reduce emissions of mercury through the installation and operation of controls installed to comply with the NO<sub>x</sub> and SO<sub>2</sub> requirements. In addition, numerous states have developed direct controls that could lead to even greater reductions than originally expected.

Under CAMR, the 2010 phase I mercury cap was largely dependent on “co-benefit” mercury reductions from the installation and operation of air pollution control technology and monitoring installations required by CAIR and CAVR. Because CAIR and CAVR are unaffected by this ruling, mercury emissions reductions comparable to those mandated by CAMR’s phase I cap should result.

With respect to existing state plans and other state-based mercury regulations, EPA is currently evaluating the implications of the D.C. Circuit’s decision.

Motor vehicles are a major source of greenhouse gas emissions. The Supreme Court recently ruled that that EPA has authority under the Clean Air Act to regulate greenhouse gas emissions from motor vehicles, and that the grounds the EPA gave for refusing to regulate greenhouse gases were legally insufficient. Accordingly, the Court directed the agency to reconsider its refusal based on the factors set forth in the law. On May 14, 2007, President Bush signed an executive order directing EPA, the Department of Transportation, the Department of Energy and the Department of Agriculture to coordinate on the development of possible regulatory actions to address the emissions from mobile sources that contribute to global climate change.

**Moran Question 14.** What is the status of this effort and what resources does EPA plan to commit to it in FY 2009?

**Answer:** As a result of the passage of Energy Independence and Security Act of 2007 (EISA) on December, 19, 2007, the Agency is in the process of considering the impact of EISA on our draft vehicle and fuel proposals. Work on the fuels proposal has continued. However, there are a number of significant differences between the renewable fuel standard (RFS) provisions of EISA and the fuels program EPA was developing under the President’s 20-in-10 plan. As a result, substantial new analytical work will be required in FY 2008 on the renewable fuels rule. This includes new analyses related to renewable fuel lifecycle emissions, costs and benefits of EISA fuel volumes and the environmental, economic and energy security impacts of these fuels volumes. The work that EPA will spend on a vehicle rule will depend on the nature of the coordination and consultation between EPA and the Department of Transportation.

OAR’s preliminary estimate is that this work will require at least \$2.9 million in new contract funding in FY 2008. In addition, approximately 38 staff members and the associated payroll dollars will be required to support this new work. The rulemaking will continue into FY 2009 and will require at least this level of support.

## MIRANT POWER PLANT

The Potomac River Generating Station is using the chemical Trona to reduce SO<sub>2</sub> emissions from the plant on a scale and tonnage that is unprecedented. The only public information available to date is from the manufacturer Solvay Chemicals. Its technical publication "Safety & Handling of T-200 Trona" states that exposure can cause irritation to skin and eyes as well as necessitating emergency procedures if produce is inhaled, ingested or directly contacts the eyes. DOE's Special Environmental Analysis says only that Trona is "a naturally occurring substance similar to baking soda." The Committee is aware of concerns about the public health impacts of Trona and has urged EPA to use a portion of the increase provided to the Research: Human Health and Ecosystems program area to investigate the potential adverse health and environmental impacts of Trona.

**Moran Question 15.** When do you plan to release information on the health effects of Trona?

**Answer:** To date, EPA has not conducted research on the health effects of trona. In FY 2008, EPA is actively evaluating this issue in order to determine what is known about potential health or environmental impacts of trona, and whether any new research might be needed. Over the next three months, the Agency will continue reviewing the available literature concerning the scope and nature of trona exposure and the extent to which health effects have been evaluated. If any specific research needs are identified, EPA will then determine whether and how to expand its current research plan in response.

## NATIONAL BIOSOLIDS PARTNERSHIP PROGRAM

The National Biosolids Partnership Program is providing important support for our utility in Alexandria and it is proving to be quite a valuable program for us.

**Moran Question 16.** Can you comment on the value of the National Biosolids Partnership Program and its environmental management system and third-party audit program for municipal biosolids programs?

**Answer:** The National Biosolids Partnership (NBP) is a not-for-profit alliance formed in 1997 to advance environmentally sound and accepted biosolids management practices by developing and helping to implement a comprehensive environmental management system (EMS) for biosolids management in the wastewater industry. An EMS is an effective management tool based on continual improvement and is used to develop, implement, and monitor environmentally sustainable practices. The NBP biosolids EMS is a voluntary third-party certification program that sets local regulatory compliance as its baseline and seeks to enhance the credibility of local wastewater treatment agencies through sound management practices and improved communication programs that lead to public acceptance of agencies' biosolids management practices.



Over the last 11 years, NBP has helped many utilities and local officials participating in the program to develop sound biosolids management programs with community participation, and to demonstrate to their communities their commitment and approach to excellence in environmental performance beyond minimum regulatory requirements. To date, 100 agencies are participating in the NBP program. Nineteen of these agencies have received third-party certification of their EMSs, sixteen of which have achieved Platinum Level status by successfully meeting the requirements to maintain their certification. For further information on the benefits of implementation of the NBP biosolids EMS and on the success of agencies that implemented third-party-certified EMSs, please visit the NBP website at <http://www.biosolids.org>.

**Moran Question 17.** Would EPA be able to provide continuing funding for this program if Congress does not?

**Answer:** Funding for the National Biosolids Partnership Program to date has been provided through a congressional add-on, and the Administration has not previously requested funds for the program. The FY 2009 President's Budget does not request funds for this program.

#### CHESAPEAKE BAY

**Moran Question 18.** Has the Bay Program, with its partners, developed a management plan that includes:

- annual goals for the program as a whole and
- goals for each of the partners, including federal agencies and the states?

**Answer:** In response to the 2005 GAO Report and the 2008 Omnibus Appropriations report language, the Chesapeake Bay Program is developing an implementation action plan referred to as the "Chesapeake Action Plan." This Action Plan will be the means for the Bay Program partners (*e.g.*, Federal and state agencies) to coordinate implementation efforts and better relate those efforts to environmental progress and results. The Chesapeake Action Plan will allow the Bay Program partners to track, measure, and periodically assess its progress in a more precise and replicable manner. This Chesapeake Action Plan will include a comprehensive, adaptive management system supported by the entire Chesapeake Bay Program partnership.

EPA, in close coordination with our partners, is developing a Report to Congress and GAO describing the Chesapeake Action Plan, including annual goals and progress for our Federal and state partners. EPA expects to provide this report to Congress in summer 2008.

**Moran Question 19.** Do these goals have timeframes associated with them?

**Answer:** As noted in the response to the previous question (#18), there will be realistic annual targets for Bay partner activities for each year through 2010. These realistic annual targets will account for the partners' ongoing and planned restoration activities as well as current conditions

in the Bay. Not all of these targets will reflect achievement of the 2010 goals originally set in the *Chesapeake 2000* agreement.

**Moran Question 20.** What feedback mechanism do you have in place to determine whether partners are on track to meeting their respective goals?

**Answer:** The Chesapeake Bay Program continually tracks restoration progress and ecosystem health. A representative sample of the top tier of these indicators is what is used in the annual *Chesapeake Bay Health and Restoration Report* to illustrate and describe progress through the previous year. The Bay Program plans to continually improve and refine this tracking and reporting mechanism.

**Moran Question 21.** Have you prioritized your restoration activities based on those which are most effective? What are the top priorities established? How are these reflected in your management plan?

**Answer:** The Chesapeake Bay Program partners have been assessing and prioritizing approximately two dozen restoration activities for 20 years. These activities, known as best management practices (BMPs), have for years been assigned levels of effectiveness, primarily for reducing nitrogen, phosphorus and sediment. Water quality restoration is the highest priority for the Bay Program, and therefore is the primary focus of the top tier BMPs. These BMPs are key components of each state's Tributary Strategies (state management plans) to clean up all of the Bay watershed's tributaries and to also reduce delivered loads of these pollutants to the Bay's tidal waters. The specific levels of pollution reduction efficiencies are used with the Program's computer models to assess various restoration scenarios and the Bay ecosystem's response to them. The Bay Program is continually utilizing new data to revise the environmental and cost effectiveness, and ranking of these BMPs.

In 2003, the Chesapeake Bay Program adjusted downward the pollutant load reduction effectiveness estimates for several widely used BMPs, such as nutrient management. In December 2004, one of the Program's partners, the Chesapeake Bay Commission, released a report, *Cost Effective Strategies for the Bay: 6 Smart Investments for Nutrient and Sediment Reduction*, which highlighted and promoted the use of five agricultural and one point source BMP.

In 2007, the Bay Program contracted with the University of Maryland's Mid-Atlantic Regional Water Quality Program to reassess the effectiveness of a number of BMPs. The University conducted an exhaustive, peer reviewed evaluation and assessment of existing BMPs. As a result, most of the BMPs' pollutant load reduction effectiveness estimates were adjusted downward. The Chesapeake Bay Program will continue to regularly reevaluate and refine assessments of the effectiveness and costs of BMPs and share that information with all of the Program's partners and others who are doing implementation work. In 2008, the Program is planning on reviewing and assessing a number of newer BMPs, many of which do not have measured efficiencies, such as precision feeding for dairy animals to reduce nutrients in manure; stream restoration techniques; stormwater infiltration systems; and horse pasture management.

**Moran Question 22.** What mechanism do you have in place to show that this 25-year, multi-billion dollar effort has made progress in restoring the health of the bay?

**Answer:** The program's primary mechanism for demonstrating its progress is the annual *Health and Restoration Assessment*. The Chesapeake Bay Program has focused on improving its reporting of progress over the past three years, starting prior to the release of the 2005 GAO Study recommendations. In March 2005, the Chesapeake Bay Program released drafts of this improved approach, separating into two parts the progress the partnership was making on restoration and the overall health of the Chesapeake Bay. Part One integrates indicators of the health of the Chesapeake Bay, the measure of ultimate success of the Chesapeake Bay Program, based on three priority areas: water quality, habitats and lower food web, and fish and shellfish. Part Two integrates indicators of restoration progress into easily understandable charts based on five key priority areas: reducing pollution, restoring habitats, managing fisheries, protecting watersheds, and fostering stewardship.

Many of the indicators in both the Restoration Efforts section and the Ecosystem Health section use a baseline of 1985, and provide measures for every year since. The 2006 *Chesapeake Bay Health and Restoration Report* used the same format as the 2005 report, but improved the assessment by addressing issues raised in a technical peer review by the Chesapeake Bay Program's Science and Technical Advisory Committee, filling gaps in the reporting, improving data timeliness, and responding to comments on the 2005 drafts. The 2007 *Chesapeake Bay Health and Restoration Report* will be available on or about March 31, 2008.

**Questions for the Record**  
**Questions from Representative Maurice Hinchey**  
**Environmental Protection Agency**  
**Hearing Date: February 26, 2008**

**CLEAN WATER**

According to a U.S. EPA report issued recently, the United States must invest more than \$200 billion in pollution controls in order to bring wastewater management up to Clean Water Act standards over the next two decades.

Based on a 2004 survey, the report says \$134.4 billion is needed to improve wastewater treatment and collection systems, \$54.8 billion for untangling combined sewer overflows and \$9 billion for managing contaminants from stormwater. The total is \$16.1 billion greater than estimates in a 2000 agency report. EPA attributed the increase to "a combination of population growth, more protective water quality standards and aging infrastructure."

**Hinchey Question 1.** How then can EPA justify the cuts to the Clean Water SRF, as contained in the budget?

**Answer:** The Administration's funding request maintains the Federal commitment to extend Federal capitalization of the Clean Water SRF through 2011. Federal funding of the Clean Water SRF was not intended to be permanent; it was intended to help establish the program on a fiscally sound and substantive footing. Federal capitalization of \$26 billion over the past 20 years, more than three times the original Clean Water Act authorized level. The revolving nature of the funds and substantial additions from states has magnified that investment to make available \$65 billion for loans since the program's inception. This investment has more than accomplished the goal of helping establish the program on a fiscally sound and substantive footing.

While the Federal government has been and continues to be a source of financial assistance, localities have traditionally been responsible for addressing community water quality needs by providing and paying for wastewater treatment infrastructure. The primary source of financing has been, and is expected to continue to be, the sale of tax-exempt bonds by municipalities and revenues collected from users of the wastewater treatment system. The President's Budget continues to support the Water Enterprise Bonds proposed for expanded use of tax-exempt private activity bonds for capital investments in public-purpose water projects. This proposal removes the State volume cap on private activity bonds (PABs) issued for public purpose drinking water and wastewater facilities if the entity using the PABs implements full-cost pricing within five years.

The Agency recognizes that in addition to fiscal approaches, managing national infrastructure needs requires Federal, state, and local actions and innovations to reduce the demand for infrastructure. The Administration's focus remains on finding and promoting innovations at all

levels to meet our water infrastructure challenges. The President's budget request is consistent with that focus.

**Hinchey Question 2.** Is this the lowest request in history for the Clean Water SRF?

**Answer:** Yes. The FY 2009 request continues the Administration's commitment to providing an additional \$6.8 billion in additional funding for the Clean Water State Revolving Fund.

The CWSRF is an important, but was never intended to be the only, source of funds for addressing the nation's wastewater infrastructure needs. Localities have traditionally been responsible for providing and paying for their community's wastewater treatment. The Federal government has been and continues to be a source of financial assistance; however, the primary source of financing has been the sale of tax-exempt bonds by municipalities and revenues collected from users of the wastewater treatment system.

In addition to applying financial resources, approaches that reduce the demand for infrastructure are an essential part of addressing the nation's wastewater treatment needs. Through a Sustainable Infrastructure Strategy, the Agency is working with many different stakeholders to identify and promote new and better ways of doing business that will help lead to sustainable systems.

The FY 2009 President's Budget request has proposed expanded use of tax-exempt private activity bonds (PABs) for capital investment in public-purpose water projects – Water Enterprise Bonds. This proposal removes the State volume cap on private activity bonds (PABs) issued for public purpose drinking water and wastewater facilities if the entity using the PABs implements full-cost pricing within five years. PABs provide another important option for states and local communities to encourage greater investment in water infrastructure.

#### TCE RISK ASSESSMENT

I understand that EPA has made progress toward finalizing their draft risk assessment for TCE and they intend to have it ready for an intra-agency review by the end of the year.

**Hinchey Question 3.** Please explain the process and timeline, as well as the offices involved in the intra-agency review.

**Answer:** The TCE human health assessment is a top priority for EPA's chemical assessment program; the Integrated Risk Information System (IRIS). The various steps and timeline for development and review of IRIS assessments is shown in the publicly-available IRIS Track system ( <http://cfpub.epa.gov/ncea/iristrac/index.cfm> ). As shown on IRIS Track, EPA expects to have a draft available for intra-agency review during the summer of 2008. In this step, Agency scientists will review the draft TCE assessment, provide comments to the assessment development team, and a meeting will be held to discuss the comments after which the draft document will be revised to address the intra-agency comments. The offices involved in the

intra-agency review include OW, OAR, OPPTS, OSWER, OCHP, OPEI, ORD and EPA Regional offices.

**Hinchey Question 4.** Next in the process, as I understand it, the draft risk assessment goes through an interagency review. Please explain this part of the process, with estimated timelines and agencies or departments involved.

**Answer:** EPA expects to begin interagency review of the draft TCE health assessment in December 2008. This step includes providing the IRIS draft for interagency review coordinated by OMB. EPA anticipates that at least OMB, DOD, NASA, ATSDR and DOE will be involved in the review; OMB will ensure all interested agencies are involved.

**Hinchey Question 5.** When does OMB review the draft?

**Answer:** Generally, OMB and the interagency group review the IRIS draft during the interagency review step prior to release of a draft assessment to external peer review. OMB and the interagency review group typically also review the revised draft following external peer review but prior to posting of the final assessment to IRIS. There was no interagency review of the TCE draft document prior to its release for public comment and peer review in September 2001.

**Hinchey Question 6.** Does OMB have final say over approval?

**Answer:** No, IRIS human health assessments are EPA documents and final decisions on all IRIS assessments remain with EPA. In practice, over the last few years, EPA has not gone ahead without resolution of the interagency issues on the draft document prior to public release and external peer review and on the final draft document prior to posting on IRIS. There was no interagency review of the TCE draft document prior to its release for public comment and peer review in September 2001.

**Hinchey Question 7.** Does OMB have the ability to revise the risk assessment before scientific peer review?

**Answer:** The IRIS process allows OMB and other agencies to comment on the draft document prior to public release and external peer review and also to comment on the revised draft prior to final posting on IRIS. However, for TCE, there was no interagency review of the draft risk assessment prior to its release for public comment and scientific peer review in September 2001.

**Hinchey Question 8.** What is the timeline for OMB approval?

**Answer:** Currently, IRIS Track projects a three month period for the interagency review process beginning in December 2008.

**Question:** What scientific expertise does OMB have, in order to have the ability to require revisions?

**Answer:** During interagency review, comments are provided from a variety of scientific experts across the federal government agencies. OMB coordinates this review.

**Hinchey Question 9.** When does the scientific peer review process occur? How long does this take? Please outline the rest of the process, post-peer review.

**Answer:** TCE has not been a typical IRIS assessment. In 2002, EPA asked its Science Advisory Board (SAB) to review a draft TCE assessment. In its December 2002 report, the SAB made several recommendations for improving the draft assessment. While the Agency's 2001 draft TCE health assessment underwent public comment and independent peer review by the Agency's SAB, a number of scientific issues remained, in addition, important scientific literature was published after the 2001 draft assessment. As a result, in September 2004, EPA and other Federal Agencies (DOE, NASA, and DOD) commissioned the NAS to investigate and report on the key scientific issues relating to human health risks of TCE. NAS provided its report in July 2006. The NAS report and new information since the report was published will be reflected in the revised TCE assessment.

**Hinchey Question 10.** Is EPA left out of the process at any point? What role do EPA scientists play post intra-agency review? What is the total estimated timeline for finalizing a risk assessment for TCE?

**Answer:** As with all IRIS assessments, the TCE assessment will remain an EPA product. The EPA staff involved in drafting the assessment have been and will continue to be consulted or otherwise involved throughout the process. Typically, the EPA assessment team considers intra- and interagency comments and creates a disposition of the comments and EPA response, both prior to external peer review and again prior to posting on IRIS of a final assessment. In addition, the EPA staff considers the external peer review comments and, following revision of a document in response to these comments, a summary of the comments and EPA response are provided in the final IRIS assessment. As noted in the previous questions, the TCE assessment is informed by a National Academy of Sciences (NAS) review of key scientific issues related to human health risks as well as new information on mode of action and new bioassay and epidemiological data not available at the time of the 2006 NAS report.

The anticipated timeline is for intra-agency review of the draft assessment to begin in the summer of 2008 with interagency review starting in December 2008. At this point in time, EPA is uncertain how extensive further review will need to be.

## HUDSON RIVER PCBs

**Hinchey Question 11.** Please give me an update on the Hudson River PCB Cleanup, with timetables and progress made in the last year.

**Answer:** The cleanup plan outlined in EPA's Record of Decision (ROD) for the site calls for a two-phased approach that will take six years to implement. The ROD calls for the dredging of approximately 500 acres – about 13% of the Upper Hudson. A key element of the ROD is the commitment to a rigorous and meaningful community involvement program for the Hudson River cleanup.

In September 2005, EPA and General Electric (GE) reached agreement on a Consent Decree (CD) under which GE would implement the first phase (Phase I) of the dredging project. The CD was litigated by the Town of Fort Edward, delaying construction of the sediment processing facility and ultimately pushing the start of dredging to 2009. A Federal District judge ruled in favor of EPA on November 2, 2006 and entered the consent decree; this ruling allowed work to proceed on the processing facility. The Town appealed the ruling. On January 3, 2008, the Court of Appeals for the Second Circuit upheld the ruling.

In March 2006, GE submitted draft design plans detailing specifically how the Phase 1 dredging will be implemented. EPA approved the time/schedule critical portion of the design for the sediment processing facility site in May 2006; the remainder of the design has since been approved.

Construction of the 110-acre sediment processing/transfer facility began in April 2007 and significant progress has been made to date. Construction of this facility is a major undertaking and will include: the widening of the Champlain Canal for a wharf for unloading barges; a rail yard with five miles of rail to facilitate the loading and transport of sediments by rail to a permitted landfill in Texas; a two-mile access road that will alleviate project traffic on the Town of Fort Edward; a two million gallon per day treatment plant; a dewatering plant capable of processing more than 5,000 cubic yards of sediment per day. Construction of the 110-acre facility is expected to take between 18 and 24 months, enabling the dredging of the river to begin in late Spring 2009.

EPA has also initiated the design of an alternate water supply connection from Troy to the towns of Halfmoon and Waterford as a contingency measure in the event that the dredging program results in PCB levels that threaten the towns' water supplies, which are taken from the Hudson. While EPA believes this is unlikely to occur, particularly during the first few years of dredging, it is working on agreements with GE and the towns that could result in the contingency pipeline being in place in time for the start of dredging in 2009.



## ENERGY PERMITTING INCREASES

**Hinchey Question 12.** The request includes an increase of \$14 million to pay for an expected workload increase associated with oil and gas development.

Provide a chart that shows the \$14 million request and associated FTE by account, program area and program-project, including the base requests.

Answer: The President's FY 2009 budget addresses increased demands related to new energy development and production while ensuring environmentally sound decision-making. By FY 2009, U.S. energy production is expected to grow by almost 10% from FY 2005 levels. Anticipated upcoming proposals include 75,000 new oil and gas wells on Tribal and Federal lands, 40 liquefied natural gas terminals and 25 carbon sequestration pilot projects. In addition EPA will be developing carbon sequestration regulations.

The following table provides the requested information:

**\$14 Million Energy Permitting Increase**  
(Dollars in Thousands)

Appropriation	Program Area	Program Project	FY 2009 Program Base		FY 2009 Incremental Request	
			FTE	Dollars	FTE	Dollars
EPM	Air Toxics and Quality	59 - Federal Support for Air Quality Management	651.5	\$92,595	+9.0	+\$2,943
EPM	Water: Human Health Protection	D4 - Surface Water Protection	1,089.4	\$197,525	+3.0	+\$1,181
EPM	Water Quality Protection	53 - Drinking Water Program	551.5	\$97,241	+5.0	+\$2,235
EPM	Enforcement	90 - NEPA Implementation	103.0	\$14,914	+3.0	+\$1,381
STAG	Categorical Grants	04 - State and Local Air Quality Management		\$181,680		+\$3,900
STAG	Categorical Grants	17 - Tribal Air Quality Management		\$10,940		+\$2,360
<b>Totals:</b>			<b>2,395.4</b>	<b>\$594,895</b>	<b>+20.0</b>	<b>+\$14,000</b>

**Hinchey Question 13.** What is your current workload for these types of reviews and permitting activities and how do you expect that to grow in the coming year?

**Answer:** The Energy Policy Act of 2005 strongly encourages increased development of domestic energy resources to enhance our nation's economic and physical security by reducing dependence on foreign fuel sources while accelerating the protection and improvement of our environment. As the nation focuses on striving for energy independence, EPA is faced with a two-pronged challenge: addressing greater workloads to ensure environmental protection during all phases of energy development and production, and more efficiently and quickly fulfilling our legal responsibilities related to those energy activities to avoid slowing down the pace of new energy projects.

EPA has two basic responsibilities: direct implementation and review of environmental impact statements from other federal agencies under the National Environmental Policy Act (NEPA). In states not delegated for the NPDES permitting program (such as Alaska, New Mexico, Idaho), EPA must directly implement the program for energy activities on private or public lands. In addition to emerging energy technologies (wind, tidal, geothermal, biomass, geothermal, clean carbon power plants, uranium mining, oil shale development), there are regulatory requirements on the horizon that will increase EPA's direct implementation workload. Equally important is the finalization of a NSR minor source permitting program, where various regional offices will need to issue dozens of permits for energy activities on tribal lands; Region 8 alone expects to issue 2,000 such permits when the rule is promulgated in FY 2009 with implementation in 2009. Energy production development varies tremendously around the country and impacts the regional offices differently. Key factors include: amount of federal lands subject to increased activity, amount of tribal lands subject to increased activity, and CAA and CWA programs authorization status of states. Therefore, some regional offices will have greater responsibilities in reviewing NEPA documents for Bureau of Land Management, Forest Service, National Park Service, Minerals Management Service, Federal Energy Regulatory Commission, Maritime Administration, and Nuclear Regulatory Commission proposals. Over 75,000 new oil and natural gas wells are forecast to be drilled on federal lands, primarily in the Rocky Mountain West or offshore in the Gulf of Mexico or waters near Alaska. Almost 40 liquefied natural gas terminals are proposed for onshore or offshore locations around the country.

EPA projects the base workload is approximately 1,230 energy related permitting and NEPA activities. Some backlog is projected due to incomplete applications or associated continuing issues which will take additional time and effort to resolve. The requested resources will address approximately 397 additional energy activities. The requested resources will help to address the incoming workload. Our goal is to diminish potential delays of projects associated with the delivery of environmentally protective and much-needed energy to the markets.

**Hinchey Question 14.** How will DOE's decision to stop the FUTUREGEN project and begin funding improvements to existing plants, affect your UIC permitting workload?

**Answer:** DOE's shift from FUTUREGEN to multiple projects for assisting the development of carbon capture technology is still in transition. It is still unclear what impact this shift will have on the UIC program permitting workload.

**Hinchey Question 15.** Please provide a summary, with timeframes and milestones, of your carbon capture and sequestration work under the Underground Injection Control (UIC) program?

**Answer:** In early October 2007, the Administrator announced that EPA will accelerate development of national rules for geologic sequestration of carbon dioxide recovered from emissions of coal-fired power plants and other facilities. The new rule will be proposed under the Safe Drinking Water Act's underground injection control (UIC) program by summer 2008. A regulatory workgroup was created to assist with the development of the rule and consists of representatives from EPA, DOE, and several states. Additionally, EPA held facilitated stakeholder workshops this past December and February as part of a collaborative process to develop the new proposal. For FY 2008, EPA is conducting a technical workshop on monitoring. EPA is also conducting a risk evaluation, cost analyses and background documents to support the proposal.

Milestones for the Carbon Sequestration rule are included in the table below:

Activity	Milestone
Data Collection and Analysis	Ongoing
Two Stakeholder Meetings	December 2007/February 2008
Interagency Review of Proposed Rule	Late May - Early June 2008
Administrator's Signature of Proposed UIC Rule	July 2008
Public Comment Period for Proposed Rule	July – October 2008
Notice of Data Availability (if appropriate)	2009
Final UIC Rule for GS of CO <sub>2</sub>	2011

CASTNET

**Hinchey Question 16.** Your budget states (p.43) that a significant long-term atmospheric deposition monitoring network is critical for the accountability of the Acid Rain Program. Yet

your request reduces this program by almost 25%. How would this reduction affect the number of monitors operating and the federal and state governments' abilities to monitor acid rain?

**Answer:** The S&T budget pays for the operations and maintenance of the CASTNET system, the nation's primary source for data on dry acidic deposition and rural, ground-level ozone. Operating since 1987, CASTNET is used in conjunction with other national monitoring networks to provide information for evaluating the effectiveness of national emission control strategies. In the past, the Agency has worked with states to use state grant funds for upgrades to the system from STAG.

Used in conjunction with the National Atmospheric Deposition Program (NADP) and other networks, CASTNET's long-term datasets and data products are used to determine the efficacy of national emission control programs through monitoring geographic patterns and temporal trends in ambient air quality and atmospheric deposition in rural areas of the country. Maintaining a robust long-term atmospheric deposition monitoring network is critical for the accountability of the Acid Rain Program, CAIR, and other programs for controlling transported air pollutants.

The Agency anticipates that the reduction to the S&T account will result in the shut down of lower priority long-term monitoring sites in two monitoring programs – the CASTNET program and the sites that EPA funds in the National Atmospheric Deposition Program (NADP).

**Hinchey Question 17.** Is it your assumption that the states will pick up the additional costs of operations and maintenance of the network? If so, which states have agreed to do that?

**Answer:** The Agency does not assume that states will pick up the additional costs of operations and maintenance of the network and no states have agreed to do that.

**Hinchey Question 18.** When monitors need to be replaced, is it your assumption that the states will pay for this? If so, which states have agreed to do this?

**Answer:** The Agency does not assume that states will pay for replacement of any monitors, and no states have agreed to do that. The Agency assumes that only federal funding will be available for replacement of monitors.

#### TIME/LTM

In Fiscal Year 2007, you allocated \$720,000 and 0.3 FTE to the TIME/LTM project from within the Human Health and Eco-systems program project.

**Hinchey Question 19.** Was this project funded in FY 2008 and have you requested funds for FY 2009?

**Answer:** ORD has completed its defined goal for both of these programs. Therefore, the FY 2009 President's Request does not include any funding for TIME/LTM. TIME/LTM will be funded in FY 2008 from a Congressional increase provided in the Omnibus appropriation for the Environmental Monitoring and Assessment Program.

**Hinchey Question 20.** If not, explain why and outline the impact to monitoring programs.

**Answer:** ORD has completed its defined goal for both of these programs. The focus of the research in the TIME/LTM programs was on the design of the monitoring program, development of indicators to measure changes, and reporting on those changes as a means of verifying the intended results.

**Questions for the Record****Questions from Representative John Olver****Environmental Protection Agency****Hearing Date: February 26, 2008**

The Supreme Court decided *Massachusetts v. EPA* in April 2007, almost a year ago. EPA has pending before it several permitting decisions and several proposed and final rules with the potential to significantly exacerbate or reduce U.S. greenhouse gas emissions.

**Olver Question 1.** Do you still plan to finalize your “overall strategy for addressing greenhouse gas emissions”? If yes, by what date? If not, why not, and how will you address the Supreme Court decision in *Massachusetts v. EPA*?

**Answer:** EPA is making progress in evaluating the availability and potential use of various Clean Air Act authorities for greenhouse gas mitigation efforts. The Agency is continuing to collect information to evaluate the scope of sources potentially affected; the flexibility, reasonableness and effectiveness of potential options for regulation under each authority; and the potential implications of each decision, including the interrelationships between different parts of the Act. For example, we have compiled publicly available data on potential greenhouse gas emissions across industrial sectors; evaluated the use of surrogate data to predict potential CO<sub>2</sub> emissions; identified a range of general greenhouse gas mitigation options; and begun to examine the applicability of these mitigation options. While we continue to make progress in developing a strategy, we cannot now commit to having a fully articulated strategy in place by a certain date.

**Olver Question 2.** Will such a strategy include a regulatory component for stationary sources?

**Answer:** EPA is committed to developing a sound strategy for addressing greenhouse gas emissions. In developing that strategy, we have come to appreciate the complexity and interrelationship of potential approaches to greenhouse gas regulation under the Clean Air Act (CAA), and the resulting importance of developing a sound overall strategy. In this regard, as we gather information to identify the potential universe of affected facilities if Green House Gases (GHGs) are regulated under the Act, we recognize that thresholds used for the Prevention of Significant Deterioration (PSD) determinations may greatly increase the number of facilities subject to New Source Review. For example, using a 250-ton per year threshold, facilities that could be covered during new construction and major modification include large apartment buildings, schools, hospitals and retail stores, or potentially large entertainment venues. In addition, for many combustion sources, some of the most effective mechanisms for mitigating GHGs, such as carbon capture and sequestration, need significant study and development before they could be implemented in a regulatory framework. In light of these potential effects of CAA regulation, we believe it is vitally important to have an overall strategy in place to help guide regulatory decision-making.

**Olver Question 3.** Will you commit to finalizing such an “overall strategy” prior to granting a permit for a new coal-fired power plant with uncontrolled emissions? If not, why not?

**Answer:** In view of the potential effects of Clean Air Act regulation, we believe it is vitally important to have an overall strategy in place to help guide regulatory decision-making. While we continue to make progress in developing a strategy, we cannot now commit to having a fully articulated strategy in place by a certain date. In the meantime, state and Federal permitting authorities have an obligation to process permit applications.

**Olver Question 4.** Will you commit to evaluate and take into account the greenhouse gas emissions impacts of each proposed source prior to granting a permit? If not, why not? If yes, how will you weigh those impacts in the permit decision?

**Answer:** Current modeling tools and methods do not permit us to credibly estimate the full range of specific climate change endpoint impacts due to the CO<sub>2</sub> emissions of an individual power plant. In addition, EPA generally uses established standards or criteria to judge whether a permit should be issued, conditioned or denied on the basis of potential impacts. Without such guideposts for greenhouse gas emissions, any action to delay, condition, or deny permits based on the potential effects of those emissions raises significant issues. We will continue to take a case-by-case approach to permitting decisions so that we can determine the proper course of action in the absence of the usual analytical guideposts for making permitting decisions. I am committed to ensuring that the Agency is appropriately reviewing pending permit applications, providing comments to state, local, and tribal permitting authorities, where necessary; and assessing public comments before the issuance of any final permits.

**Olver Question 5.** What is the total dollar amount and total number of FTEs spent by EPA since the Supreme Court decision on: (1) a strategy to address greenhouse gas emissions from stationary sources; and (2) addressing greenhouse gases from stationary sources in specific permits or rules that are under development?

**Answer:** We have not costed out this work across the Agency.

**Olver Question 6.** What is the total dollar amount and total number of FTEs that EPA is planning to spend for the remainder of FY 2008 and, separately, for FY 2009, on: (1) a strategy to address greenhouse gas emissions from stationary sources; and (2) addressing greenhouse gases from stationary sources in specific permits or rules that are under development?

**Answer:** Until we complete a strategy we cannot estimate FY 2008 resource requirements. The FY 2009 Request does not include additional funding to develop and promulgate greenhouse gas stationary source regulations.

**Questions for the Record**

**Questions from Representative Tom Udall**

**Environmental Protection Agency**

**Hearing Date: February 26, 2008**

**Udall Question 1.** In your testimony, you highlighted the EPA's goals to address Climate Change by reducing carbon dioxide, methane, and PFCs, yet your budget for climate change and protection includes a \$22 million reduction. This reduction in funds extends to several EPA initiatives including the very successful Energy Star program. Does this budget include sufficient funding to allow the EPA to make a real impact on climate change?

**Answer:** EPA has aggressive greenhouse gas (GHG) reduction goals for 2008 and 2009, the years affected by the FY 2009 budget (see table below). EPA expects to meet these goals in both years and remain on target to provide about 70% of the reductions needed to achieve the President's GHG intensity improvement goal in 2012.

<i>In million metric tons of carbon equivalent (MMTCE)</i>	<b>2008</b>	<b>2009</b>
Building Sector	33.0	36.3
Industrial Sector	69.8	75.2
Transportation Sector	5.0	6.5
<b>Total</b>	<b>107.8</b>	<b>118.0</b>

**Udall Question 2.** Your budget includes a \$134 million reduction in funding for the Clean Water State Revolving Fund. Was there a change in need that facilitated such a drastic change in funding? How does the EPA plan to continue to work with states to ensure that wastewater and sewer infrastructure is kept to the EPA's own standards?

**Answer:** The FY 2009 request continues the Administration's commitment to providing an additional \$6.8 billion in additional funding for the Clean Water State Revolving Fund and extending Federal capitalization of the Clean Water SRF through 2011.

The CWSRF is an important, but was never intended to be the only, source of funds for addressing the nation's wastewater infrastructure needs. Localities have traditionally been responsible for providing and paying for their community's wastewater treatment. The Federal government has been and continues to be a source of financial assistance, however, the primary source of financing has been the sale of tax-exempt bonds by municipalities and revenues collected from users of the wastewater treatment system.

In addition to continuing our support of the highly successful Clean Water SRF program, the Agency has embarked on several ambitious, collaborative efforts to bolster limited financial resources and promote the sustainability of local wastewater infrastructure. Our Sustainable Infrastructure Initiative has helped and continues to help communities identify beneficial approaches that include better management practices to reduce long term costs and improve



performance; watershed approaches that identify effective local infrastructure solutions; pricing of wastewater services that reflects the full value of services received; and the use and promotion of water efficient products and services.

EPA's WaterSense market enhancement program is an example where working with our partners can have significant positive impacts. WaterSense provides consumers with simple ways to make water-efficient choices without sacrificing product performance. By decreasing water use, communities are able to reduce the burdens on wastewater treatment – as well as mitigating water scarcity issues that can trigger substantial new infrastructure needs.

Additional private resources could be brought to bear on the issue through other mechanisms. For example, the President's budget proposes Water Enterprise Bonds (WEB), which expands the use of tax-exempt private activity bonds (PABs) for capital investment in the nation's public-purpose water infrastructure. This proposal removes the State volume cap on private activity bonds (PABs) issued for public purpose drinking water and wastewater facilities if the entity using the PABs implements full-cost pricing within five years. WEBs provide another important option for States and local communities to encourage greater investment in water infrastructure and facilitate innovative public-private partnerships.

Green infrastructure approaches, supported by EPA, are another example where a direct impact on water quality can be achieved. These cost effective approaches reduce stormwater runoff, a major source of pollution, by infiltrating water where it falls rather than carrying it to our streams and rivers. This also has the benefit of mitigating combined sewer overflow problems, which you note is a particular concern in Ohio, while recharging our aquifers and therefore our water supplies.

**Udall Question 3.** In your testimony you described a \$9 million increase in your enforcement budget. You also acknowledged the Agency's increasing workload as oil and gas drilling and prospecting on federal, state, and tribal lands increases.

Does the President's request include sufficient funding to maintain enforcement demands, and meet the growing need for enforcement as a result of the ever increasing mineral prospecting across the nation on federal, state, and tribal lands?

**Answer:** Yes. Our FY 2009 request of \$563 million for the Agency's enforcement program will provide the resources necessary to maintain a robust and effective enforcement program. In addition, the Agency is requesting an increase of nearly \$1.4 million and 3.0 FTE above existing levels in enforcement which will be sufficient to address the increased NEPA workloads as oil and gas drilling and prospecting on federal, state, and tribal lands increases.

**Udall Question 4.** Your budget includes a 31.7% reduction in funding for Leaking Underground Storage Tanks. This funding is essential for protection of our nation's drinking water resources from the common problem of petroleum leaking from storage tanks. Could you please explain for the committee the logic in making this significant cut in funding? For the record, could you

please tell the committee how many projects were completed in FY07, and what the projected need for FY09 is?

**Answer:** The Agency's FY 2009 request provides \$107.3 million<sup>8</sup> in total program funding (\$72.3 LUST; \$12.3 EPM; and \$22.8 STAG) while the FY 2008 Enacted level provides \$119.8 million (\$105.8 LUST; \$11.6 EPM; and \$2.5 STAG). The total difference of \$12.5 million is about 10% less than the FY 2008 enacted levels.

With the Agency's cost-efficient proposal to allow an alternative inspection program in 2009, fewer resources are needed to meet the Energy Policy Act's inspection requirements. The proposed amendment to the Energy Policy Act of 2005 (EPAct) will allow states to use an alternative inspection program in lieu of state-conducted inspections under which, facility managers are asked to evaluate and self-certify compliance. As needed, states would then be required to conduct targeted and for-cause inspections as well as a statistically significant number of random inspections although the total savings depends on how many states choose to implement an alternative inspection program and many state-specific factors.

During FY 2007, the number of LUST cleanups completed was 13,862, the number of new releases was 7,570 and the level of significant operational compliance at inspected facilities was 63%. For FY 2008 and FY 2009, the program's goal for LUST cleanups is 13,000; its target for the number of confirmed releases is less than 10,000, and; the level of significant operational compliance at inspected facilities is 68% and 69%, respectively. With the \$107.3 million requested in the President's budget, EPA anticipates it will be able to achieve its LUST cleanup goal and targets for the UST Program in FY 2009.

**Udall Question 5.** It is my understanding that the monitoring of injection wells does not currently extend beyond the well structure itself. Does EPA have any plans to initiate the monitoring of ground water around injection wells, and does the President's budget meet these needs?

**Answer:** Under the Underground Injection Control (UIC) program, monitoring of injection wells can extend beyond the well bore or structure. In general, the UIC Program Director may require as much monitoring as he/she deems appropriate, in order to ensure that fluid movement is not endangering an underground sources of drinking water. The regulations allow the Director to collect additional monitoring information for permitted wells, which may include the performance of ground-water monitoring (40 CFR 144.27) and for wells that are authorized by rule (40 CFR 144.28).

**Udall Question 6.** In my district the town Espanola, New Mexico, has been trying to go forward with a Main Street revitalization project for some time. One of the reasons they are stopped is an existing Superfund site. What is the status of this super fund site, and what is EPA doing to work with the City of Espanola to complete remediation?

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<sup>8</sup> Total is not exact due to rounding.

**Answer:** EPA and the State of New Mexico (through the New Mexico Environment Department, NMED) have targeted site remediation to begin March 17, 2008. EPA and NMED continue to update City officials on the progress of the remedial action and are available to meet at their convenience. NMED met City officials on March 6, 2008, to update them on recent progress toward site remediation and to discuss the City's plans for updating their infrastructure. EPA and NMED will continue to seek out opportunities and technical options for avoiding impediments to their plans.

**Questions for the Record**  
**Questions from Representative Ben Chandler**  
**Environmental Protection Agency**  
**Hearing Date: February 26, 2008**

It is my understanding that the EPA's oversight obligations under Section 404 of the Clean Water Act are increasing. Some of this is a result of the uncertainty that the *Rapanos* case has caused. And that is a concern. But I am also concerned that the EPA's increased obligations overall are decreasing the EPA's oversight of section 404 Mountaintop Removal permits for valley fills in Kentucky and other parts of Appalachia.

Under the Environmental Programs and Management portion of your budget request, the EPA has requested \$22 million for Wetlands, which is only a 4% increase over last year. The Wetlands program has multiple functions.

**Chandler Question 1.** What portion of your request is devoted to Regulatory Activities under Section 404 of the Clean Water Act?

**Answer:** Approximately 60 percent of the Wetlands Program budget under Environmental Programs and Management is devoted to activities under Section 404 of the Clean Water Act (CWA). These resources include both extramural funds (grants, expenses and contracts) and intramural funds (personnel compensation and benefits) and are allocated among Headquarters and the EPA Regional Offices. Review of CWA section 404 permits proposed by the Army Corps of Engineers, CWA jurisdictional determinations, and activities related to EPA-Corps of Engineers rulemakings constitute the majority of these activities. The primary non-404 wetlands activities are wetlands monitoring and technical and financial assistance to states and tribes in the development of their wetlands programs.

**Chandler Question 2.** Will EPA be able to give the same level of scrutiny to section 404 permit reviews, including those issued for Mountaintop Removal valley fills?

**Answer:** EPA recognizes that in response to court decisions and other developments related to the scope of Clean Water Act jurisdiction, we may need to adjust the level of resources applied to regulatory activities from within the available wetlands protection resources. We expect to continue to meet our responsibilities under the Clean Water Act, including working with the Army Corps of Engineers to ensure that the 404 program, including its application to mountain top removal, is implemented in a fair and effective manner. The review of proposed surface coal mining activities will continue to be a priority for EPA and we expect to focus particular attention on proposals that could result in significant impacts to waters of the U.S. With regard to the Supreme Court's decision in *Rapanos*, EPA's workload has increased somewhat for additional reviews of draft jurisdictional determinations and the documentation called for under the two Agencies' joint guidance. However, EPA expects to be able to continue to meet our

responsibilities under the CWA by adjusting the level of resources applied to the 404 regulatory program from within the available wetlands protection resources.

**Chandler Question 3.** The Corps of Engineers has asked for an approximately \$20 million budget increase to deal with its greater permitting workload. Why has the EPA not requested a comparable increase to fulfill its oversight responsibilities under section 404, for either its general responsibilities or specifically for reviewing Mountaintop Removal permits?

**Answer:** The U.S. Army Corps of Engineers is given the primary responsibility under the Clean Water Act (CWA) for work related to the issuance of Section 404 permits. These responsibilities include conducting CWA jurisdictional determinations and review and issuance of permits. It is these activities where workload has increased the most in recent years as a result of, for example, recent court decisions. While EPA's workload has increased somewhat as a result of these same factors, EPA expects to be able to continue to meet our responsibilities under the CWA by adjusting the level of resources applied to the 404 regulatory program from within the available wetlands protection resources.

**Chandler Question 4.** How many Section 404 permits for mountaintop removal activities did the EPA review in 2007 and how does this compare to prior years?

**Answer:** EPA's mountain top mining (MTM) permit review activities take place in Regions III and IV, the Regional Offices that oversee surface coal mining activities in the Appalachian states. Region III oversees surface coal mining activities in West Virginia, Virginia and Pennsylvania, and Region IV oversees surface coal mining activities in Kentucky.

During 2007, Region III reviewed only a few MTM permit applications, two individual permits in Virginia and several authorizations in the Region under Nationwide Permit 21. In the five prior years (2002-2006), the Region conducted an average of approximately 60 reviews of proposed mining permits per year, many of which were MTM proposals. The decline in reviews in 2007 was due in part to a West Virginia Federal District Court decision issued by Judge Robert Chambers in March 2007, which enjoined several coal companies in West Virginia from further activity on several mining proposals, and remanded the permits for those proposals to the Corps of Engineers Huntington District for further consideration. Since the March 2007 decision by Judge Chambers, Region III has received significantly fewer MTM permit applications for review and we attribute this to a backlog at the Huntington and Pittsburgh Corps Districts as they attempt to resolve issues raised by the court decision. Once the Corps resumes processing the backlogged mining proposals, the Region anticipates an increased workload associated with both the Clean Water Act (CWA) jurisdictional determinations and the CWA 404 permit review related to the mining proposals. Faced with this increased workload, the Region anticipates prioritizing MTM proposal reviews and focusing attention on MTM proposals that involve large aquatic impacts or are otherwise controversial.

In contrast to Region III, the number of MTM permits (individual permits, permit modifications and authorizations under Nationwide Permit 21) reviewed by Region IV for Kentucky in 2007 was approximately 140. This represents a slightly higher level of activity over previous years. It's important to note that the Huntington District Court decision does not apply to operations overseen by the Corps of Engineers' Louisville, Kentucky District.

**Questions for the Record**  
**Questions from Representative Todd Tiahrt**  
**Environmental Protection Agency**  
**Hearing Date: February 26, 2008**

**Tiahrt Question 1.** Once again, the budget includes a large decrease to the Clean Water State Revolving Fund. I understand that the Administration believes that it will be self sustaining by 2011; however, perhaps the better question is what is the national need at this time. Can you describe that need as it exists today?

**Answer:** Based on the 2004 Clean Watersheds Needs Survey (CWNS 2004) Report to Congress issued in January 2008, EPA estimates that the nationwide capital investment needs for wastewater pollution control are \$202.5 billion (in constant 2004 dollars). The estimate includes \$69.1 billion for wastewater treatment systems, \$65.3 for wastewater collection and conveyance systems, \$54.8 billion for combined sewer overflow correction, \$9.0 billion for stormwater management, and \$4.3 billion for recycled water distribution. Although local rate payers ultimately fund most wastewater treatment needs, the Clean Water State Revolving Fund is one of many supplementary Federal, state and local funding sources. In addition to these funding sources, the gap between facilities' funding and their total needs is expected to be increasingly addressed by local activities being promoted by EPA's Sustainable Infrastructure Initiative. The President's Budget continues to support the Water Enterprise Bonds proposed for expanded use of tax-exempt private activity bonds for capital investments in public-purpose water projects.

**Tiahrt Question 2.** I want to thank you again for coming to the City of Coffeyville last November to view firsthand the devastation caused by the oil spill and flood last June. I understand that notable progress has been made since our visit. Some 280 home demolitions out of a total of 317 homes have now been completed by Coffeyville resources. I wanted to take this occasion to confirm with you that EPA has all of the resources it needs to address any ongoing needs related to the flood and oil spill. Can you provide us with an update on EPA's site activities and project for us when region 6 & 7's work might be completed?

**Answer:** EPA Regions 6 and 7 both responded to this incident because the oil spill flowed from Kansas to Oklahoma. The Region 6 response was completed in the summer of 2007. The Region 7 response is continuing, and we expect site field activities to be completed by late April or early May 2008. EPA does not need additional resources to complete the response.

After emergency response actions were taken by EPA Regions 6 and 7 to assess and contain the spill, EPA Region 7 entered into an Administrative Order on Consent with Coffeyville Resources Refinery and Marketing, LLC under which the refinery agreed to complete all cleanup activities associated with the oil spill.

The remaining work to be completed by Coffeyville Resources Refinery and Marketing includes completion of demolition and cleanup activities at properties in Coffeyville affected by the oil

spill and a final round of verification soil sampling scheduled for the first week of April. EPA will continue to provide oversight and verification sampling activities. The following are demolition activities for the site:

- 374 total structures scheduled for demolition
- 332 structures have been demolished
- 5 commercial oiled properties remain for demolition
- 29 residential oiled properties remain for demolition

**Tiaht Question 3.** Your budget includes 60 % of pay and fixed costs as compared to 86 % for the Department of the Interior. If the Committee is not able to help with this issue, how will you meet those obligations and at what cost to other programs?

**Answer:** The Agency's budget fully funds the fixed costs for rent, security and utilities. The Agency has employed several strategies to deal with increasing payroll costs. Offices are encouraged to hire lower graded employees when long-term employees retire or leave the Agency to reduce ongoing costs. Our calculations take into account that new employees are not immediately brought onboard when other employees leave. The Agency uses a "lapse-rate" to account for hiring lag times and unfilled ceiling positions. Also, within certain parameters, EPA also allows local managers the flexibility to determine if the work is best done via contract, or federal FTE.

**Tiaht Question 4.** Your budget includes an increase for an additional Water Sentinel Project. If funded, this will complete a total of five pilots. Do you believe the data from the five projects will provide utilities nationwide with enough critical information to install or enhance contamination warning systems?

**Answer:** Yes. The Agency has determined that five is an appropriate number of contamination warning system pilots to capture the variability among water systems in areas like water quality, treatment, infrastructure, operations, management, and approaches to contaminant detection. Thus, EPA believes that data from these five pilots will be adequate to develop guidance on effective and sustainable drinking water contamination warning systems that is applicable to utilities nationally.

**Tiaht Question 5.** Can you briefly review for us how you selected the pilot project locations and is EPA working with interested utilities that are not part of the Sentinel Pilot process?

**Answer:** The location of the first contamination warning system pilot was selected through an internal Agency process that assessed factors viewed as critical to a successful initial pilot (calibrated distribution system hydraulic model, local public health surveillance system, ability to track consumer complaints, remote data collection and transfer capability, utility laboratory capability, established relationship with local public health department, proximity to laboratories

within the Centers for Disease Control Laboratory Response Network, and an effective distribution system maintenance program).

The locations of pilots 2-5 were selected through a competitive application process that was open to public and nonprofit utilities serving at least 750,000 people (this size requirement was based on consideration of utility resources and threat profile). The criteria used to score the applicants were technical approach, evaluation plan, timeline, programmatic capability, environmental results tracking and reporting, and budget. The highest ranked applicants were selected for pilots.

EPA engages regularly with utilities that are not implementing contamination warning system pilots in meetings and workshops that address guidance development and pilot evaluation. Further, the guidance that the Agency continues to develop will assist utilities that are not part of the pilot program.

**Tiahrt Question 6.** Aside from the increase for Water Sentinel, there are numerous increases in the Homeland Security account for emergency lab preparedness, and bio-defense and decontamination. Can you give us an idea how much progress we have made in this area?

**Answer:** The following describes progress/accomplishments that have been made in the various homeland security areas.

#### **Emergency Lab Preparedness & Decontamination**

- Initiated the radiation state/federal laboratory pilot project, through selecting initial two laboratories, which includes installing laboratory instrumentation and initiating training, procedure preparation, laboratory audits, and proficiency testing.
- Conducted 10 laboratory capacity audits of commercial radiological laboratories.
- Developed proficiency testing (PT) study design and criteria for incident response and prepared laboratory radiological analysis documents (for air filters, soils, and incident response method validation) for internal agency review.
- Conducted regional training on the Multi-Agency Radiological Laboratory Analytical Protocols (MARLAP) Manual and conducted a 5-day radiochemistry course with emphasis on incident response in conjunction with Office of Water's Water Security Division.
- Implemented the National Approach to Response (NAR) which is designed to improve EPA's readiness to respond to Incidents of National Significance (INS).
- Provided training for more than 1,000 Response Support Corps (RSC) and Incident Management Team (IMT) volunteers who provide critical support in Headquarters and Regional Emergency Operations Centers and assist with operations during an INS.
- Finalized criteria and membership application in the national Environmental Lab Response Network (ELRN); initiated evaluation of a triage unit known as an All Hazard Receipt Facility (AHRF) at EPA Region 1 laboratory; completed inspection and acceptance of two mobile laboratories which are currently incapable of analyzing chemical warfare agents; worked with the Department of Homeland Security to reconfigure final prototype mobile lab that can analyze chemical warfare agents; and



selected four fixed chemical warfare agent prototype labs.

- Maintained a highly skilled, well-trained and equipped response workforce that can rise to the challenge of responding to simultaneous INS. Additionally, On-Scene Coordinator responder capabilities were enhanced and tested through their opportunities to participate in a wide variety of intra and inter-agency exercises and drills.
- National Decontamination Team developed and presented a Weapons of Mass Destruction (WMD) Decontamination workshop and populated its portfolio with agents of concerns.
- Worked on developing and validating environmental sampling, analysis and human health risk assessment methods for known and emerging biological agents.

#### **Decontamination Research & Biodefense**

- Developed methodologies to decontaminate and dispose of anthrax that may also be suitable for application for other microbiological agents – these methodologies have been incorporated in the cleanup of anthrax contaminated buildings in New York and Connecticut.
- Developed safe methods to dispose of wastes contaminated with biological agents. These methods were incorporated in the disposal of anthrax contaminated material (carpet, ceiling tiles, wallboard, etc.) resulting from the decontamination of a drum makers workshop and home in New York.
- Tested and evaluated several technologies that support emergency responders, consequence managers, and water utility operators. Eighty-three technologies have been tested and evaluated in the areas of decontamination, detection, containment, and disposal.
- Began the development of validated methods to analyze environmental samples (water, soil, air) for the presence of chemical, biological, and radiological agents of terror to support site characterization and assure cleanup.
- Developed a method to estimate the risk to human health from biological agents that will assist in the development of cleanup goals that will be protective of human health.

**Tiahrt Question 7.** There is a \$15 million increase within the Diesel Emission grants for a new Sustainable Ports Initiative. The goal is described as reducing emissions associated with the movement of goods through ports. While there are several increases in the budget there are also decreases to popular programs. How important is this particular new request?

**Answer:** The \$49.2 million funding requested for the Diesel Emissions Reduction Program in FY 2009 President's Budget request is consistent with the \$49.2 million level appropriated for the Diesel Emissions Reduction Program in the FY 2008 Enacted. The FY 2009 budget request does not reflect an increase in funding for the Diesel Emissions Reduction Program over the FY 2008 appropriation.

Goods movement through U.S. ports is projected to triple by 2020. This increase presents a substantial air quality challenge and increased health risk for communities surrounding our Nation's ports. Many of the grants and loans provided under the Diesel Emissions Reduction Program will reduce diesel emissions from engines used at the ports--improving air quality at the

ports and in the surrounding communities. These grants and loans will also fund projects to reduce emissions as goods move from the ports to their final destination. In doing so, these grants will support the Air Quality and Affordable Energy Theme in EPA's Sustainable Ports Strategy, which was announced March 7, 2008. However, there will not be specific set asides under the Diesel Emissions Reduction Program for any one specific sector.

**Tiahrt Question 8.** There is an \$8.3 million reduction in Science and Technology for Research into Human Health and Eco-systems. This is important work, was this decision driven by the budget or was there a reason for making this particular decision?

**Answer:** EPA has a responsibility to ensure that efforts to reduce potential environmental risks are based on the best available scientific information. And as the core science and research goal in the Agency, Goal 4 provides strong science that allows for identification of the most important sources of risk to human health and the environment, as well as the best means to detect, abate, and avoid possible environmental problems, and thereby guides our priorities, policies, and deployment of resources. We believe the FY 2009 President's Budget request positions the Agency to meet its strategic goals and objectives while remaining forward-looking in its preparation for addressing future environmental challenges. For example, EPA is building a strong scientific presence in Nanotechnology, Computational toxicology, and Homeland Security.

**Tiahrt Question 9.** Once again your budget failed to include funding for the National Rural Water Technical Assistance Program. This appears to be a very effective program that helps rural communities meet safe drinking water standards. Can you comment on this issue?

**Answer:** EPA agrees that technical assistance plays an important role in supporting some rural communities in meeting safe drinking water standards. States with primacy enforcement responsibility for drinking water programs are the primary source of support to public water systems, including rural communities. In addition, the Agency Drinking Water State Revolving Fund (DWSRF) supports technical assistance to small drinking water systems. Since 1997, states have been awarded about \$134 million of DWSRF funds to provide technical assistance to small systems from the state staff or third party technical assistance providers, including state rural water affiliates.

**Questions for the Record**  
**Questions from Representative Ken Calvert**  
**Environmental Protection Agency**  
**Hearing Date: February 26, 2008**

#### DIESEL EMISSIONS REDUCTION PROGRAM

**Calvert Question 1.** First, I want to applaud you for largely maintaining the increased funding Congress dedicated towards the Diesel Emissions Reduction Program. As your staff has estimated, a program funding level of \$49.2 million would leverage at least \$100 million in funding assistance and reduce harmful particulate matter by approximately 7,000 tons, achieving up to an estimated \$2.0 billion in health benefits.

I also want to applaud you for the new Sustainable Ports Initiative. I represent a southern California district that is heavily impacted by the Ports of Los Angeles and Long Beach. While my district is not directly next to the ports it is affected by them on a constant basis as the containers make their way from the ships and onto rail or trucks that then move through my district. I have introduced legislation called the ON TIME Act, that seeks to address the transportation impacts of the freight moving into and out of the ports. At the same time I recognize we must also address the environmental impacts through programs just like the Sustainable Ports Initiative.

Can you provide us with some of the details of the Initiative?

**Answer:** EPA's Sustainable Ports Initiative is a cross-EPA effort to focus on the importance of environmental quality in our ports and goods movement system and to coordinate the various approaches EPA can take to address problems in this area. Over the past 18 months EPA has held numerous high level meetings to discuss the issues surrounding ports and goods movement and to formulate a suite of actions to enhance environmental management at America's port facilities. By working collaboratively with ports, shippers, and others on shared stewardship goals, we can protect the environment, the people living and working around port operations, and the vitality of a key sector of our economy.

EPA's Strategy focuses on six themes: Clean Air and Affordable Energy, Clean and Safe Water, Healthy Communities and Eco-systems, Global Environment, Ports Communications, and Enforcement. There are more than 70 possible actions, including working with port authorities, their business partners and other sectors of the transportation industry to quantify and reduce air emissions from all sources along the shipping supply chain; setting up state innovative financing funds to help small owner-operators of diesel trucks and equipment finance the upgrading or replacement of older, dirtier engines; and collaborating with the international port community on innovative technologies and development of international standards. The strategy was announced March 7, 2008.

**Calvert Question 2.** Last year, Congress funded a new CA Emission Reduction Project Grants program at a level just under \$10 million. The program will fund diesel emission reduction projects within the San Joaquin and South Coast Air Quality Management Districts. Can you tell us what the status is with this program and when EPA expects to issue these funds?

**Answer:** The FY 2008 appropriations language directs EPA to divide the \$9.8 million (after rescission) equally between the South Coast Air Quality Management District and the San Joaquin Valley Unified Air Pollution Control District. The Districts will use the funding for innovative or cost-effective diesel engine retrofits, engine replacements, and technology development. The funding is for emissions reduction activities deemed necessary for compliance with the national air quality standards.

On February 15, 2008, EPA sent guidance letters to the South Coast Air Quality Management District and the San Joaquin Valley Unified Air Pollution Control District inviting each to apply for \$4,922,000 in funding. As soon as the Districts submit their applications and work plans, EPA Region 9 will move quickly to award the funds.

The applications are due by April 30, 2008. However, since EPA has already held substantive conversations with the Districts over the last few months on this issue, the Agency expects to receive the applications prior to that date. EPA expects to issue those grants within 60 days from receipt of each of the District's completed applications.

WEDNESDAY, FEBRUARY 13, 2008.

## **FOREST SERVICE BUDGET REQUEST**

### **WITNESS**

**ABIGAIL R. KIMBELL, CHIEF OF THE FOREST SERVICE**

#### **OPENING REMARKS OF CHAIRMAN DICKS**

Mr. DICKS. The Committee will come to order.

Today we review the Forest Service budget request, which is a great disappointment.

Chief Kimbell, thanks for coming today. I hope we can have an open and candid discussion of your request, which requires you to reduce 2,700 full-time equivalents, reduce your maintenance, cut State assistance programs and halt land acquisition. Yesterday we spent hours looking at the wildfire programs, and we learned how the Administration has put all of its eggs into the fire suppression basket and cut back on the core missions of the Forest Service. During this hearing, I am sure we will hear about funding trade-offs for wildfire suppression, but I want to be sure that we take the time to learn how this budget would affect the natural resources managed by the Forest Service and the impact on the American public.

The Forest Service is in charge of much of the mountainous areas of the American West outside of Alaska and manages the largest blocks of public lands in the Midwest and East. Protecting these watersheds and wildlife is essential. The national forests and grasslands offer endless recreational opportunities and provide essential natural resources for rural communities and American consumers. The majority of the Federal trails, campsites, wilderness and wild rivers in the Lower 48 are part of the National Forest System. Let us discuss how this request will impact these wonderful areas comprising over 170 million acres outside of Alaska, which is more than three times more land in the Lower 48 than managed by the National Park Service and the Fish and Wildlife Service combined. The Forest Service also has an outstanding research and inventory program, and the State and Private Forestry Program has assisted cooperative natural resource conservation for over 60 years.

Yet the President's request calls for gutting many of these cooperative efforts, some of which have been a big part of the Administration's initiatives. For instance, the budget cuts the Cooperative Forest Health Program by 77 percent, which cannot be healthy at all. The Forest Service says that two of its main goals are to protect open space and to provide for recreation but this budget has absolutely no money for acquisition of sensitive lands and it has cut the Forest Legacy Cooperative Land Protection Program by 76

percent. There are also sizable reductions for recreation and the trail budget is whacked by over a third, which I think is a mistake.

I also want to discuss the large backlog in deferred maintenance and especially the sad situation of the extensive road system in disrepair. Last year I sponsored the Legacy Road and Trail Remediation effort to find some of the most urgently needed road and trail projects, especially where there are environmental problems affecting our sensitive watersheds. This budget unfortunately has no funds to continue this necessary effort. This may be a very tough budget year again. But the Congress needs to evaluate these road repair needs while we also work with our Transportation Authorizing Committee to see if some of the extensive gas tax generated by recreational driving on Forest Service roads can be redirected for this program, where there is such a great need.

I do appreciate the Chief's expertise and concern for our forests, so I want to give you a chance to discuss the budget in an open and fair manner.

Mr. DICKS. Mr. Tiahrt, any opening remarks?

#### OPENING REMARKS OF MR. TIAHRT

Mr. TIAHRT. Thank you, Mr. Chairman. Good morning, Chief Kimbell and Lenise. It is nice to see you again.

I plan to be very brief in my opening remarks but let me say that I look forward to working with Chairman Dicks and other members of this subcommittee again this year to address the many diverse challenges facing the Forest Service and other agencies under our jurisdiction.

As the chairman made clear in his opening remarks, this is a tough, unrealistic budget proposal for the U.S. Forest Service. An overall reduction of your budget of nearly \$400 million, or 8 percent, would certainly have a measurable impact on the work you do. But let me emphasize, this is a beginning, not the end of the legislative process. Once again, the Forest Service provides our subcommittee not only a challenging budget circumstance but also a perfect demonstration of the tough choices we must make in the face of very tight budgets. We certainly got a taste of this challenge yesterday with an informative assessment by an impressive lineup of witnesses on the ongoing threat posed by wildfires. I believe it is in all our interests to begin a dialogue on how the Federal government can do a better job of addressing wildfires without decimating non-fire-related programs and undermining the very core essential functions of the Forest Service.

I believe we can do better than this budget suggests. By working together, Chairman Dicks and I are determined to find common ground on this and many other issues. It is in that spirit I look forward to working with the chairman and the members of the subcommittee and with you to make sure we can achieve this goal.

Chief Kimbell, I look forward to discussing your budget in some detail but in the interest of time I will wait until after your remarks for questions.

Thank you, Mr. Chairman.

Mr. DICKS. Thank you.

You may proceed as you wish.

## OPENING STATEMENT—CHIEF KIMBELL

Ms. KIMBELL. Thank you, Mr. Chairman, Mr. Tiahrt. It is a privilege to be here today to discuss the President's budget request for the Forest Service for fiscal year 2009. Each of you has packets, and in your packets, my written testimony. I would be happy to answer any questions you have on that testimony, but to best utilize our time together, I am going to limit my verbal remarks to a couple key remarks that I think are most important to today's hearing. I would like to request my full statement be placed in the record.

Mr. DICKS. Without objection.

Ms. KIMBELL. Thank you.

First, I would like to describe the general context that this budget is presented in. I certainly recognize that the Forest Service is just one small part, very important to me, of the federal budget and that our requests have to be balanced against competing interests and needs and opportunities across the government for limited funds. It is clear from the pattern of budget requests and appropriations in the past several years that there are differing priorities between the Administration and the Congress. I am here today to present the President's budget request and explain his rationale.

It is important to explain how we as an agency crafted the budget proposal in front of you now. It is helpful for me to visualize things in a tangible, practical way, so I see our budget as a bucket. A bucket has only a certain size. It only holds so much, and in our case, the size of the budget is decided after the Nation's highest priorities are taken care of, such as supporting the war on terror, strengthening home security, and promoting sustained economic growth. With support of those priorities in mind, the Forest Service bucket is \$4.109 billion in size, about the same size as last year's request and about \$380 million below what was appropriated in 2008.

Our bucket starts a little smaller but it also has to hold some programs that are a little bigger than last year. The fire suppression request is decided by the 10-year average of fire suppression costs, an arrangement agreed to by both the Congress and the Administration. The 10-year average this year is \$994 million, \$250 million higher than it was just two years ago and nearly \$150 million more than the current enacted level. Because fire suppression is the first thing in the bucket, because it is considerably higher than in past years, and because the bucket is only so big, other programs needed to be reduced to make up the difference. Rather than simply ratchet all programs down by a similar percentage to make up that difference, this budget reflects a difficult strategic decision. We are focusing those limited resources on core National Forest System programs since we are the sole landlord for this land. As a consequence, there are significant reductions in the request for State and Private Forestry programs. There are also significant reductions in the National Forest System programs.

In spite of these difficult cuts, I strongly believe that the Forest Service continues to be a good investment for the funds we do receive. In 2007, we received our sixth clean audit opinion in a row. We have reduced indirect costs to less than 10 percent of our total expenses. We have increased partnership contributions to challenge

cost-share projects by 35 percent over 2006. We collected over \$700 million in revenue and receipts. Forest Service scientists filed two patents. Thirteen Forest Service scientists were recognized and shared in the Nobel Peace Prize for their work and their contributions in climate change research. We maintained 60,000 miles of road. We maintained 26,000 miles of trail with tremendous help from many partners. We sold 2.5 billion board feet of timber. We reduced hazardous fuels on 3 million acres and we provided fire assistance grants to about 62,000 communities. We protected over 88,000 acres of forestland from conversion through the Forest Legacy Program, and the list goes on.

We are positioned to make the most of the resources we receive. Our agency is in the midst of a difficult but necessary transformation which will ensure a higher percentage of funds going into project work. We are encouraging our managers to focus on integrating programs and working with partners to achieve multiple objectives and we are proposing innovative ecosystem services demonstration projects that will forge important partnerships with States, local governments, tribes, or nonprofit organizations to restore, enhance, and protect ecosystem function on National Forest System lands. The Forest Service mission is relevant and we have a leading role in issues affecting the Nation and the world. We have dedicated, professional, and very hardworking employees who come to work every day looking for better ways to solve complex problems. I am confident we add value to the resources with the taxpayer funds you invest in us.

Thank you for the opportunity to describe how this budget was formulated and why I am optimistic about our future. I am happy to answer any questions you may have.

[The statement of Abigail Kimbell follows:]



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**Statement of  
Abigail Kimbell  
Chief, USDA Forest Service**

**Before the  
House of Representatives  
SUBCOMMITTEE ON APPROPRIATIONS  
Interior, Environment and Related Agencies Subcommittee**

**Concerning  
FOREST SERVICE  
FISCAL YEAR 2009 BUDGET**

**February 13, 2008**

Mr. Chairman, Mr. Tiahrt, and members of the Subcommittee, it is a great privilege to be here today to discuss the President's Budget for the Forest Service in fiscal year (FY) 2009. One year ago, sitting here before you discussing the fiscal year 2008 budget was one of my first public acts as Chief of the Forest Service. I am grateful for the support this committee has shown the Forest Service, and over the past year I have been able to see firsthand many of the issues raised by its members. I look forward to our dialogue today.

I can report to you that the state of the Forest Service is sound. The agency continues to sustain and restore the national forests and grasslands. Our researchers continue to push the frontiers of knowledge, and 13 have been recognized by the Nobel Prize panel for their efforts. Our partnerships with other Federal agencies, States, communities, and tribes have broadened and deepened, as together, we have faced growing threats from fire and other disturbances. The outstanding competence and professionalism of our employees is admired by forestry organizations around the world. Entering the second century of service, the Forest Service can reflect with pride on its accomplishments.

Yet for all these achievements, the Forest Service faces significant issues, and can do better. The issues are every bit as challenging as those faced by our predecessors. America's population will likely increase nearly 40 percent in the next 50 years (2007 World Population Data Sheet; Population Reference Bureau), and pressures on the land will increase and change. In an era of

globalization, the world is shrinking, jobs are growing more complex, and the value of forests and grasslands is greater than ever.

Among the challenges and opportunities facing our agency, three themes stand out in particular: climate change; water issues; and the loss of connection to nature, especially for kids. I truly believe that history will judge my leadership of the Forest Service by how well we as an agency respond to these challenges, and the 2009 budget is crafted with that in mind.

The FY 2009 Forest Service budget request totals \$4.1 billion in discretionary appropriations, an 8 percent decrease from the FY 2008 enacted level. The President's Budget reflects our Nation's highest priorities including supporting our troops, strengthening our homeland security, and promoting sustained economic growth. The Administration's pro-growth economic policies, coupled with spending restraint, are key to keeping us on track to continue to reduce the deficit in the coming years.

Within the framework of the agency's 2007-2012 Strategic Plan and the themes I've laid out, the Forest Service budget for 2009 focuses on core responsibilities, maintaining program effectiveness, and addressing on-going management challenges. The 2009 budget aligns Forest Service spending to reinforce the agency's commitment to caring for the 193 million acres of national forests and grasslands, and providing for the highest priority activities that can demonstrate performance in a transparent manner.

#### **Wildland Fire Management**

The responsibility to protect people and property from wildfire is one the Forest Service performs professionally and honorably. Fires in recent years have become larger and more difficult to control due to a variety of factors, including climate change, historic fire management practices resulting in an increased density of hazardous fuels, and residential developments expanding in the wildland-urban interface (WUI). As application of Federal firefighting resources on both Federal and non-Federal land has grown, these costs escalate, and so, too, does the 10-year average of annual fire suppression expenditures, which determines the program's budget request. Both the current and previous Administrations have used the 10-year average as a discretionary function because it provides a reasonable method of budgeting for an activity

that is foreseeable but for which actual year-to-year obligations are both unpredictable and widely variable.

The 2009 Fire Suppression request is \$994 million, over \$250 million higher than it was just 2 years ago, and nearly \$150 million more than the current enacted level. The total Wildland Fire Management program, including the National Fire Plan, makes up over 48 percent of the agency's discretionary budget request. The Forest Service has adopted substantive management reforms to mitigate this cost trend, and these efforts are having an effect on suppression costs. For example, Forest Service suppression expenditures were \$127 million lower in 2007, compared with 2006, even though the size of wildfires and acres burned were greater.

Specifically, several wildfire management reforms are based on recommendations of the USDA Office of Inspector General report that examined large-fire suppression costs. The report documented inequitable apportionment of fire protection responsibilities between Federal and local entities in residential areas that abut national forests. In response, the Forest Service is renegotiating master protection agreements to clarify roles and ensure equitable and appropriate allocation of wildland-urban interface firefighting costs between the agreement parties. Additionally, the Forest Service will implement a science-based methodology to encourage the cost-effective use of unplanned wildfires to reduce hazardous fuels when appropriate.

In FY 2009, the Wildland Fire Management program will continue to improve performance through attention to policy, training, oversight, decision support tools, and after-action performance analysis. Management policy is set at the national level, and provides clear guidance for the role of Federal firefighters in the wildland-urban interface and the strategies of Appropriate Management Response (AMR). Mandatory training keeps agency administrators up to date on national policy. During an incident, the Chief's Principle Representative provides oversight, while decision support tools such as Rapid Assessment of Values at Risk (RAVAR) and Fire Spread Probability (FSPro) offer the incident commander information on fire spread probability, resource values at risk, and historic costs for similar fires. After-action reviews, including use of the Stratified Cost Index (SCI), provide lessons and best practices to include in subsequent updates to management policy. This performance improvement process will enable the agency to maintain Fire Preparedness resources within a \$588 million program budget, a decrease of \$77 million from 2008.

### **Healthy Forests**

The FY 2009 Forest Service budget focuses resources on maximizing the effectiveness of core national forest and grassland programs. Implementation of the Healthy Forests Initiative and the Northwest Forest Plan are key initiatives which receive increased or similar levels of funding compared to FY 2008 enacted—Forest Products is requested at \$323 million, Hazardous Fuels at \$297 million, and Vegetation & Watershed Management at \$165 million. These investments will yield over 7.0 million CCF (3.5 billion board feet) of timber volume sold, including 1.6 million CCF (800 million board feet) of timber volume offered from full implementation of the Northwest Forest Plan. Other priority program outputs include establishing or improving over 2 million acres of forest and rangeland vegetation, and 1.5 million acres of hazardous fuel reduction, with an additional 800,000 acres of treatments accomplished by other land management activities to reduce fire risk. Capital Improvement and Maintenance of Roads is requested at \$227 million to provide the necessary infrastructure to support priority program activities and manage the roads system on national forest lands.

### **Organizational Efficiency & Transformation**

The Forest Service is continuing its restructuring process that will improve its organizational structure and maximize resources available for on-the-ground mission delivery. Our current organizational structure, designed in the 1950s, does not take advantage of the communication technologies and integrated operating systems available in today's business environment. By the end of FY 2009, the Forest Service will reduce operating costs by approximately 25 percent in the regional offices and the national headquarters. This will result in a higher proportion of funds going to the field and an organizational structure better equipped to meet the natural resource management challenges of the 21<sup>st</sup> century.

### **Recognizing Integrated Program and Partnership Accomplishments**

Another strategy to ensure maximum on-the-ground achievements relates to accomplishment tracking. In FY 2008, the Forest Service is changing reporting rules to incorporate accomplishments achieved through integration between program areas and/or partnerships with external groups. This change is designed to shift from a program-by-program approach to one that aligns programs and partner organizations to achieve multiple goals. By changing how accomplishments are counted, the agency hopes to change how managers plan and implement

their work, increase incentives for working with partners, and ensure maximum value per dollar of Federal expenditure.

I will now discuss the program budget requests for the Research, State and Private Forestry, National Forest System, Capital Improvement and Maintenance, and Land Acquisition accounts.

#### **Forest & Rangeland Research**

The Forest Service Research Program is a globally recognized leader developing scientific information and technologies that address the ecological, biological, social, and economic issues challenging natural resource management and conservation in the modern era. Approximately 500 Forest Service scientists conduct this research at 67 sites located throughout the United States. The 2009 Budget funds Research at \$263 million. This is equal to the 2008 President's budget, and an 8 percent decrease from the enacted level of \$286 million. The budget eliminates funding for congressional earmarks, employs investment criteria to align research projects with strategic priorities, and retains support of the Forest Inventory and Analysis program at \$62.3 million.

Forest Service Research & Development is a world leader on the global climate change issue. Thirteen Forest Service scientists participated in the Intergovernmental Panel on Climate Change (IPCC), which shared the 2007 Nobel Peace Prize with former Vice President Al Gore.

The FY 2009 budget includes \$31 million for research on how climate change, air and water pollution, land use, and extreme events affect forest and rangeland sustainability and the associated benefits they provide to society. In addition, the program prioritizes research in the areas of Resource Management and Use (\$79 million), Invasive Species (\$30 million), and Wildland Fire and Fuels (\$23 million).

#### **State & Private Forestry**

The State and Private Forestry program connects the agency's research and public lands-based programs to those of States and private individuals and entities. Through a coordinated effort in management, protection, conservation education, and resource use, State and Private Forestry programs help facilitate sound stewardship across lands of all ownerships on a landscape scale, while maintaining the flexibility for individual forest landowners to pursue their objectives.

In FY 2007, the Forest Service collaborated with the National Association of State Foresters to redesign the focus, priorities, and delivery of the agency's State and Private Forestry programs. As a result, the Forest Service will prioritize work using the best available technology and information, focusing on three national themes: 1) Conserve working forest landscapes; 2) Protect forests from harm; and 3) Enhance benefits from trees and forests. Comprehensive assessments will be conducted at the State and national levels to identify conditions, threats, and ecosystem services. The assessments will then be used to integrate program delivery with partners and ensure appropriate skills and organizational structures are in place to support priority work.

Consistent with the focus on core responsibilities, the 2009 Budget proposes to reduce funding for State and Private Forestry in order to focus resources on management of the federally-owned assets of the National Forest System. Funding is provided for priority technical assistance to non-industrial private forest landowners and financial assistance for high priority cooperative conservation projects. Specifically, the 2009 Budget funds State and Private Forestry at \$110 million, a decrease of 58 percent from the 2008 enacted level. Forest Health programs, including those funded under the National Fire Plan, will receive almost \$80 million and treat over 450,000 forest and rangeland acres for invasive and native pests with a focus on early detection, evaluation, and monitoring of new invasive species, such as the Sirex wood wasp, emerald ash borer, and sudden oak death. Cooperative Fire programs, including those funded under the National Fire Plan, will receive nearly \$75 million and assist over 18,000 communities through grants to State and local fire agencies. In addition, \$25 million will fund the Forest Stewardship, Forest Legacy, Urban & Community Forestry, and International Forestry programs.

#### **National Forest System**

The National Forest System account provides funds for the stewardship and management of national forests and grasslands. The 2009 Budget requests \$1.345 billion for this account, which is equal to the 2008 President's Budget request, but a decrease of \$125 million or 9 percent from the enacted level. This budget level reflects successful implementation of the organizational efficiency and transformation efforts which will direct a higher proportion of funds to on-the-ground mission-critical work.

The 2009 budget includes a legislative proposal authorizing five Ecosystems Services Demonstration Projects that will bring new partners together with the Forest Service in a broad effort to advance market-based conservation. States, local governments, tribes, or non-profit organizations will have the opportunity to provide up to \$10 million of funds or in-kind services for activities that restore, enhance, and protect ecosystem function on National Forest System lands. The projects will also introduce and refine methodologies that may be used in potential or emerging markets to quantify and value ecosystem services related to clean water, carbon sequestration, and other critical benefits.

Other important National Forest System programs are increased in the FY 2009 budget. As mentioned earlier, the fiscal year 2009 budget supports full funding for the Northwest Forest Plan within the \$323 million for Forest Products. Land Management Planning funding is proposed at \$53 million, an 8 percent increase from the 2008 enacted level. The additional funds will focus on implementation of the revised Planning Rule, acceleration of work on 35 planned Land Management Plan (LMP) amendments that respond to energy corridor decisions, and completion of 18 LMP revisions currently scheduled for FY 2009.

A number of National Forest System programs will be maintained at the FY 2008 President's Budget level including, \$146 million for Inventory and Monitoring programs to facilitate efficient implementation of the 2008 Planning Rule, which establishes Environmental Management Systems on each NFS unit. The Recreation, Heritage, and Wilderness programs are proposed at \$237 million, which will enable completion of travel management plans for 86 percent of National Forest System lands and Recreation Facility Analyses on 74 percent of national forests by the end of FY 2009. Wildlife & Fish Management, funded at \$118 million, will focus on continued partnerships with states, non-governmental organizations and tribes to actively manage wildlife and fisheries habitat for the benefit of the 36 million people that visit national forests and grasslands annually to hunt, fish, or view wildlife. The \$47 million funding request for Grazing Management will support effective management of rangeland resources on approximately 90 million acres of NFS lands and compliance with the Rescissions Act schedule for completed grazing allotments. The \$115 million request for Law Enforcement Operations, a \$17 million decrease, will be focused on combating drug-trafficking organizations along the Southwestern and Northern borders, responding to emergency and life-threatening situations, and conducting arson investigations.

### **Capital Improvement & Maintenance**

The Capital Improvement & Maintenance Program maintains the infrastructure for many Forest Service programs, including the transportation networks necessary for management and visitor access; the recreational infrastructure, including trails that serve many diverse populations; and facilities that house Forest Service employees. The 2009 Budget funds Capital Improvement & Maintenance at \$406 million, a decrease of \$69 million from the enacted level, which included a \$25 million one-time transfer from the Purchaser Election Program. The \$120 million proposed in Facilities funding will support maintenance of approximately 22,500 facilities and capital improvement of 34 facilities in FY 2009. The \$227 million Roads program includes maintenance of more than 70,000 miles, reconstruction and capital improvement of 2,000 miles, and decommissioning of approximately 600 miles of Forest Service roads. Approximately 17,300 miles of trails will be maintained and 700 miles relocated or constructed with the \$50 million Trails request. Legacy Roads & Trails, established by Congress in 2008 as a change to a mandatory program that redirected \$25 million in funds from purchaser elect road fund, is not included in the discretionary budget. Funding for purchaser elect roads is provided through mandatory funding, as authorized.

### **Conclusion**

I present this budget within a management environment that demands more than dollars to ensure organizational success. The budget supports national priorities of deficit reduction, maintains a safe and effective fire suppression organization, and maintains other high priority programs. Just as importantly, it proposes an ecosystem services approach to on-the-ground work in partnership with key stakeholders to protect watersheds, enhance economic and social values, and improve biodiversity. Combined with State & Private Forestry redesign, Wildland Fire Management reforms, and organizational management transformation, this suite of initiatives will enable the Forest Service to continue to deliver outstanding science and effectively manage the resources of the national forests and grasslands, while adapting to the challenges of the coming decades.



## Abigail R. Kimbell

### Chief of the Forest Service



Abigail (Gail) R. Kimbell became the 16th Chief of the US Forest Service on February 4, 2007. As Chief, Kimbell has focused the agency's attention to Climate Change, Water, and Kids, emphasizing the importance of keeping forests and rangelands healthy.

Kimbell grew up in New England, where she spent her formative years hiking, fishing, and camping on the White Mountain National Forest. She received a bachelor's degree in forest management from the University of Vermont in 1974 and later a master's degree in forest engineering from Oregon State University.

She worked as a seasonal employee before beginning her Federal forestry career in 1974 with the Bureau of Land Management in Medford, Oregon. She then joined the Forest Service as a pre-sale forester in Kodiak, Alaska, in 1977. She next worked in Oregon as a logging engineer and then a district planner. She served as a district ranger in Kettle Falls, Washington on the Colville National Forest from 1985-88, and on the Wallowa-Whitman National Forest in La Grande, Oregon, from 1988-91, and as forest supervisor of the Tongass National Forest in Alaska (1992-97) and the Bighorn National Forest in Wyoming (1997-99).

From 1999-2002, Kimbell was the forest supervisor for the Pike and San Isabel National Forests and the Comanche National Grassland—all in Colorado—as well as the Cimarron National Grassland in Kansas. In May 2002, Kimbell began work as the associate deputy chief for the National Forest System lands in the Forest Service Washington, DC, headquarters. During her tenure as associate deputy chief, Gail's leadership was instrumental in helping to carry out the Healthy Forests Initiative and she provided support in the development of the Healthy Forests Restoration Act of 2003. In December 2003, Kimbell was named as the Regional Forester for the Northern Region located in Missoula, Montana.

Kimbell and her husband, Ed Stryker, enjoy the great outdoors by camping, fishing, hiking, skiing, and flying. He is a pilot and a retired land surveyor. They have two miniature schnauzers.

Kimbell is a member of the Society of American Foresters.



Revised January 18, 2008

## BUDGET CHALLENGES

Mr. DICKS. The budget is pretty rough on the Forest Service. Let us talk about what you think will be the most challenging cuts to implement. Would it be the huge reduction to your State and private programs, the sizable reductions to the National Forest System operation and land protection accounts, the care for roads, or what? I mean, out in the State of Washington they are writing you letters and to Linda Goodman, who is leaving, that we have a \$300 million backlog in road maintenance in Washington State, just one state, and yet all these budgets have been cut. I mean, how can the Administration justify that with a \$4 billion backlog in road maintenance to just keep slashing these programs that are aimed at fixing these problems?

Ms. KIMBELL. Well, with funding fire at the 10-year average level, it creates for us some very difficult choices and you are exactly right in pointing out that there are maintenance needs in the national forests across the country, even including those acres in Alaska. There are tremendous needs across the country. We will be able to maintain some roads in 2009 with this budget.

Mr. DICKS. But your backlog will go up, will it not? I mean, your backlog of maintenance will go up. It will not go down.

Ms. KIMBELL. The maintenance needs will likely continue to rise, yes.

## LEGACY ROADS AND TRAILS REMEDIATION PROGRAM

Mr. DICKS. You know, we put in last year the Legacy Road and Trail Remediation Program to try to help you but that is not in the budget for this year.

Ms. KIMBELL. As I recall, Chairman, the dollars for that Legacy program came from purchaser elect funds and those dollars are not available in that quantity in fiscal year 2009. However, that has been a tremendous help and we will get a lot of really good work done with that Legacy program.

## RECREATION PROGRAM

Mr. DICKS. What about, the request cuts basic recreation management funding by \$26 million, or 10 percent from last year, and cuts trail construction by 49 percent. This is a lot less than the Congress provided in 2002. I understand that one of your own personal agenda items is to encourage kids to get out in the woods, something which I support. Now, are we going to be able to get these kids out in the woods if we keep cutting the money for the trails and for recreation?

Ms. KIMBELL. Chairman, access continues to be a very strong, interesting concern not only to us but certainly to the communities and to the individuals who use the national forests. This budget does reflect a higher-level recreation request than in 2008 and it does prioritize the work within that recreation funding to complete the work that we have begun in planning for off-highway vehicle use on National Forest System lands. Through fiscal year 2009, we anticipate being 87 percent complete with the planning for designated routes for off-highway vehicles on National Forest System lands. The emphasis on Kids in the Woods is something that we

acknowledge from the very beginning that we will not do alone. We are working with many partners locally, nationally, and some internationally. We are looking at ways to get children connected with nature whether it is in a national forest or in a city park. But there are many, many programs, many partners working in a very similar vein. In some places like outside of Chicago, we are one of 200 partners working on Chicago Wilderness and we are one of many partners working in projects all over the country.

#### BUDGET CUTS

Mr. DICKS. What will be the result of these cuts? State and Private Forestry is cut \$153 million; Forest Health, \$43 million; Cooperative Fire, \$8 million; Forest Legacy, \$39 million, other Cooperative Forestry, \$61 million. What will be the impact of that?

Ms. KIMBELL. The impact of some of those cuts is in recognizing that the Forest Service budget is focused on financing at some level the programs on the national forest and in research. Where there are others who have responsibility for funding programs on State lands and private lands, it shifts that responsibility where the Forest Service has shared in it in such a big way for so long. It shifts to the States and to the private landowners some of the work that we have been doing. This budget focuses on the Forest Service acting as conveners—conveners of technical expertise, conveners of different information—rather than funding projects.

Mr. DICKS. Well, the National Forest System, it gets cut by \$125 million and recreation in the National Forest System by \$25 million, watershed inventory, \$32 million cut, and Wildlife and Fish, \$14 million. What does that mean?

Ms. KIMBELL. These are very difficult choices that we had to make in this budget request to be able to fund Fire. There are some of those programs—recreation, forest products, and vegetation and watershed—that are at higher levels in this request than they were in the 2008 request but it does mean having to prioritize the work on national forests to some very specific items and not being able to do all the things that are demanded and asked of us.

#### FULL-TIME EQUIVALENT REDUCTIONS

Mr. DICKS. Now, you said you like to visualize with your bucket. We look at this a little differently over here. That is the visualization we see, and the last one on the list, I think it is land and water conservation, which is a 97 percent reduction. I mean, it is embarrassing, to me at least, that this budget just cuts, cuts, cuts on these important programs. This comes right out of the President's budget. This is not Norm Dicks making this up. Last year, without Fire, between 2001 and 2007, it was a 35 percent cut, and now you are going to have to cut 2,700 people—full-time equivalents. How are you going to do that?

Ms. KIMBELL. Mr. Chairman, I do not expect to need to go through a reduction in force, and just this last year—

Mr. DICKS. Is this attrition? Are people walking out the door because of what is happening or the lack of what is happening?

Ms. KIMBELL. If this is the budget that is enacted, we will take advantage of all the attrition opportunities that—

Mr. DICKS. Will you have enough to do 2,700?

Ms. KIMBELL. In this last year, we had almost 2,000 people retire or resign, and we had an intake of——

Mr. DICKS. Is this because we have an aging workforce issue too?

Ms. KIMBELL. Part of it is an aging workforce, yes. We have over 4,000 people currently eligible to retire. Not everybody retires when they hit their eligibility date, but we have over 4,000 people who are eligible. If this is the budget that is enacted for fiscal year 2009, we will need to take advantage of every cost-saving opportunity, some we have not even thought of yet, and every retirement, every resignation.

#### BUDGET CHALLENGES

Mr. DICKS. I wish I could say it is not going to be the budget but remember last year, the President insisted—we tried to add money in the House to lessen the impact of these terrible cuts and at the end of the day the President said you have to come down to our level, the level in the President's budget request, for these domestic programs or I will veto the bill. So we had to cut another \$1 billion out of the bill in order to get down to that level, which I certainly did not want to do but we did it because we wanted to get our bill signed. It is very depressing to me. I just wish that the Administration cared more about these issues. I think protecting our national forests—and I know in our State of Washington where I am very familiar with the Olympic National Forest, Mount Baker, all of these great national forests, they do not have the money for roads, they do not have the money for trails. It is pathetic, and to have OMB and the White House say we are going to just cut, cut, cut in these areas I think shows an insensitivity which is bothersome to me. I am going to yield to Mr. Tiahrt here in just a second. But on the question of suppression, we had a lot of witnesses here yesterday, and suppression is up but preparedness is down. Seventy-seven million dollars. Now, can you do that? I mean, can you cut that by \$77 million, here in the midst of the greatest fires we have ever seen in the history of this country and we are going to cut preparedness by \$77 million?

Ms. KIMBELL. I understand you had some——

Mr. DICKS. It is hard to understand.

#### WILDLAND FIRE MANAGEMENT FUNDING

Ms. KIMBELL. It is hard to understand, and I understand you had some excellent discussion yesterday on the fire situation and outlook. With a \$77 million reduction in fire preparedness, it is also recognizing the needed continued flexibility for how suppression dollars interact with preparedness dollars. We have taken many steps in cost-effectiveness and in the way we preposition crews, the way we work with the States, with local fire departments, and the——

Mr. DICKS. But the money for working with the States in the fire area is also cut. How much is it cut? Twenty-three percent? I mean, we are supposed to be working with the States and locals to have them out there working with us and yet we cut the funding by 23 percent. That does not sound like I am working with somebody when I cut the money that we are using by 23 percent.

Ms. KIMBELL. Well, it is that money and certainly there are additional monies that the State put to State fire suppression but it will require all of us working together in a very concerted way and taking advantage of every cost saving we can. I think the thought that I would want to leave you with is that for the monies you do give us, we will give you a very good buy.

Mr. DICKS. Okay. Mr. Tiahrt.

#### FIRE PREPAREDNESS AND SUPPRESSION FUNDING

Mr. TIAHRT. Thank you, Mr. Chairman.

This chart, I do not know if you have ever seen it before. You probably have.

Ms. KIMBELL. We call it the Pac Man chart.

Mr. TIAHRT. Yes, 1991, 13 percent of the budget was for fire suppression. In 2009, it is 48 percent. Now, yesterday we talked about, I think in fiscal year 2007 and 2008, we ended up adding through supplementals about \$1.2 billion, \$1.265 billion, if I remember right, for fire suppression. And I know your hands are tied because you have this 10-year moving average. But the testimony we heard said that we have more risk, because there are more people living deeper in the forest. If you look at the trend line, it is pretty much upward over the last 10 years. So if we use a 10-year moving average and we are on the high-end of the 10 years, we are really five years behind, and last year we were five years behind and the year before that we were five years behind because the trend seems to be going up because of living patterns, people moving out of the cities into the beautiful forests or nearby. So if our first priority becomes suppression and we end up with a pie chart like this, it shortcuts—or shortcuts is not the right word.

Mr. DICKS. Shortchanges.

Mr. TIAHRT. And everything else becomes second priority, and under our current philosophy, maybe that is correct. But should we continue to fund suppression at the expense of the rest of the Forest Service or is there a better way to do it?

Ms. KIMBELL. We would be very happy to work with you on looking at some other ways to do it because that is certainly not our intent. It is not the purpose of this budget to even suggest that fire suppression is our highest priority or even the most important thing in our mission. It is not.

Mr. TIAHRT. Well, prevention can avoid the use of suppression dollars so we are putting all our money into the prevention side, expecting that the suppression is not going to be there. That is kind of our logic here. One could draw that from looking at this budget. And I would think or argue that by putting more in the prevention side, we could avoid some of the suppression dollars. But perhaps we should move it into a totally different category and perhaps it should be treated like other natural disasters like hurricanes or earthquakes or in Kansas, tornadoes or ice storms. Would that be an easier thing for you to budget to say okay, we are going to do our prevention work, we are going to maintain regular functions of the trails and the forest, cleaning out the areas that need to be cleaned out and then if there is a need for fire suppression that it comes out of another fund that is like a natural disaster fund?

Ms. KIMBELL. It would certainly make a lot of sense for those of our employees who manage the national forests with partners. It would make sense to those partners to have funds that they could depend on, funds that they could look at long-term, that they could put to all the different projects on National Forest System lands, and in Research, and in the State and Private Forestry program areas. The monies that are being focused in our Pac Man chart into Fire do not take into account all the work we do in vegetation management and they are over on the blue side. The work in vegetation management has had a very definite effect on fire behavior and the size of fires. This last summer I was able to visit the Lake Tahoe Basin Management Unit. I was able to visit the San Bernardino. I was able to visit the National Forests of Florida and actually observe how thinning and forest treatment for forest health purposes affected fire behavior, affected the size of the fire, affected the cost of suppression. More of that kind of work is something that is good not only for the fire suppression bottom line but it is very good, of course, for the forests and for the functioning of forests.

Mr. TIAHRT. From what I drew from yesterday's testimony, mitigation is really minimal. Insurance companies do not feel like they have that much at stake because you all have done a pretty good job of keeping the fires away from most homes. Zoning has not really been effective yet on a large scale, that building standards needs to be changed, that shake roofs in the forests are not a good idea. We have a lot of things that we could do but that is all on the prevention side and coordinating with States and local communities, which I think we really could reduce risks for property loss and for human loss as well. This is not the way that we are structuring our budget. If you just look at the Department of Transportation, every time a bridge collapses, they do not take it out of the budget. We treat it as a natural disaster, like we did in Minnesota. But that is exactly the opposite of the way your budget works.

Ms. KIMBELL. Well, I believe the Administration in 2002 made a proposal for a federal disaster fund of around \$5.5 billion. So they made a proposal then; we would be happy to work with the Committee and others on any further proposals.

Mr. TIAHRT. Mr. Chairman, I think we ought to——

Mr. DICKS. Yes, I think we would definitely——

Mr. TIAHRT. Take a look at that and see if we cannot restructure what you do so that you have some stability in your budget instead of going somewhere between 13 and 48 percent of uncertainty and get closer to 100 percent certainty.

Ms. KIMBELL. This would be a great thing for all our partners. I was in St. Paul, Minnesota, the day the bridge collapsed this summer and we had just come over the bridge and were meeting some other people. We were on our way to tour the wood energy facility there in St. Paul, which is a pretty fabulous facility. But it was quite an event.

Mr. TIAHRT. I am sure. I am glad you are safe.

Ms. KIMBELL. Thank you.

Mr. TIAHRT. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Udall.

## FULL-TIME EQUIVALENT REDUCTIONS

Mr. UDALL. Thank you, Mr. Chairman, and thank you for your strong statement, Mr. Chairman, on the cuts and the impact it will have on areas I think across the country and western states, intermountain states in particular.

I think there is no doubt that this has a real impact, Chief, in rural areas and in intermountain areas, and one of the things I wanted to ask about, I know the Chairman asked about the loss of FTEs and programs. Which area of the country do you think, which part of the country do you think would be most impacted by the reductions that you are making in this budget that the President has proposed?

Ms. KIMBELL. Right now we are involved in what we are calling transformation but it is a very hard look at our Washington office and regional offices and how we provide oversight program leadership and program direction, and we are looking at using newer technologies, using efficiencies, using more modern techniques for information sharing to try to reduce the costs of overhead and program leadership, program direction. So I would look to have savings at those levels of the organization before we even begin to look at the field organization.

Mr. UDALL. The thing that worries me a lot with the forests in New Mexico, especially in northern New Mexico, and I think this is true in many areas, you have the tension between the people that rely on the forest for a livelihood and then the people that live nearby the forest. What I have always thought is that the Forest Service people that are there on the ground end up being the oil that makes everything work, and as I have been here in Congress since 1998 or a little bit thereafter, it seems like we are pulling those people out of being there on the ground and helping talk with people in the communities, hearing the complaints. Do you worry at all about this trend of fewer and fewer people out on the ground in the forests working with local people and dealing with those issues?

Ms. KIMBELL. I absolutely worry about it. It has been a long-standing tradition in the Forest Service that our field people be part of communities. Community collaboration is a relatively new term, but it is not a new concept certainly to the way the Forest Service was formed and the way the Forest Service has worked to operate in the last 103 years. So I do absolutely worry about that. As I have visited with district rangers and with forest supervisors and have traveled around to different communities, that is a real key issue for many of our field line officers as to what kind of community presence they can provide, what kind of involvement in the community, and how they can help the communities be active in the management of their public lands, our public lands. So yes, that is a very definite concern to me.

Mr. UDALL. And there clearly has been some retrenchment there over time.

Ms. KIMBELL. Well, there are a lot of different reasons for folks choosing to stay in a location for a long time but it is our strength and sometimes it comes with some challenges.

## VALLES CALDERA NATIONAL PRESERVE

Mr. UDALL. Now, one of the areas where we have seen the greatest success in New Mexico with the newly created Valles Caldera National Preserve is getting all the stakeholders together and working with each other on that preserve, and it has really has been a pioneering thing in terms of multiple use of public lands. I mean, we are doing the work to make sure the ecosystems are protected but at the same time we are utilizing the land, and I am wondering whether you could tell us what the thinking is behind absolutely zeroing out the money for the preserve. You know, your Forest Service supervisor sits on the board, the Forest Service has been actively involved, Forest Service scientists have been on the ground, and the Administration has been completely, I think, derelict in terms of supplying money to this, and I am just wondering what your thoughts on that are and why you think it is a good idea to give no money to this project, which will mean that the people will be laid off that are working on the ground, the scientists will be gone, all of that.

Ms. KIMBELL. As I look at this budget request and the Valles Caldera specifically, I also note that the Valles Caldera has over \$1.5 million of receipts that they have collected that can be used for the functioning of the staff of the Caldera. It is still a National Forest System unit and the Valles Caldera will compete in the region's re-budget for funding for staffing of the unit.

Mr. UDALL. So you will work to see that Region 3 will try to help out in whatever way they can in the coming year?

Ms. KIMBELL. As a National Forest System unit, yes, I will look out for Valles Caldera just as I do for all of our units.

Mr. UDALL. Thank you, Chief.

Mr. Chairman, thank you.

Mr. DICKS. Mr. Peterson said that Ms. Emerson can go ahead. Ms. Emerson, go ahead.

Ms. EMERSON. Thank you, Chairman. I have to run to the Ag committee after we vote.

## CELLULOSIC ETHANOL

Welcome, Chief, and thank you very much. I was interested when you said that you were in Minnesota at a wood energy operation, and certainly forest waste is one, if not the most accessible cellulosic material for potential ethanol production, and certainly our forest product industry has infrastructure in place to harvest and collect woody materials. On the other hand, Congress has just in our 2007 energy bill defined advanced biofuels in such a way to exclude cellulosic ethanol produced from wood wastes gathered in our national forests. So my question to you, or a couple of them, number one, what impact would prohibiting the waste wood from our national forests have on the development of the cellulosic ethanol industry in areas near our national forests, and two, do you believe that our national forests can be managed in such a way that allows both for the preservation of the forests and a contribution to our Nation's goal of increased independence from our typical people from whom we import energy?



Ms. KIMBELL. Thank you. I know there are a number of people very concerned with the language that appeared there that excluded public lands from consideration and there are a number of folks who have gotten together and suggested that that language needs to be corrected to include public lands. Having that as part of the tool for being able to use different materials from National Forest System lands is very important. It is very important to be able to address this whole issue of hazardous fuels treatment, to be able to have some economic opportunity there for not only the local community. We also need to address the issue so that we are not constantly in this challenge, too, about how to appropriate dollars to conduct an activity on National Forest System lands when there might be some economic turn in all of that to do the same kind of work. So I would very definitely like to see public lands included, and I think there is a fabulous opportunity on the national forests. The Forest Products Lab is doing considerable research—they are in Madison, Wisconsin—on cellulosic ethanol. There has been a lot of work on bioenergy using cellulose, and we are continuing to contribute to the science. We would like to see the national forests also be able to contribute along with the 400 million acres of privately held forestland to that whole picture.

#### STEWARDSHIP CONTRACTING

Ms. EMERSON. I appreciate that. Thank you very much, Chief. Also, I appreciate the increased budget request for the forest products budget line and although it is a slight increase from what ended up in Omnibus, it still is a significant increase from last year's request. Missouri, you may know, our economy ranks third in the Nation in its dependence on forest products industry. Most of the Mark Twain National Forest is in my district, and so I think it is a step in the right direction budget-wise. One of the tools that you all have developed to manage forests in collaboration with local communities are these stewardship contracts, and I think they make-up, about 15 percent of the Timber Sale Program. What role do you see these types of tools playing in the future? Are stewardship contracts utilized in all areas of the country? And if that is not the case, certainly we would like you all to consider implementing such an opportunity in Missouri.

Ms. KIMBELL. I actually traveled to the Mark Twain this summer and spent a day and a half on the Mark Twain and it is certainly beautiful country.

Ms. EMERSON. It is, is it not?

Ms. KIMBELL. Yes, yes. With the stewardship contracts that the Forest Service has implemented, there have been 121 contracts that were active in fiscal year 2007. We would like to see that increase. No, it is not evenly distributed across the country. There are people who have been witnessing some great successes in communities. There have been community people and my own people who have been watching those successes who are starting to build that kind of support for stewardship contracts locally. So it is a fabulous authority, it is a great tool and I see it increasing steadily.

Ms. EMERSON. Do our foresters actually have to get with Washington to make decisions as to whether or not they are going to

enter into those or what is the process by which these decisions can be made?

Ms. KIMBELL. We do have levels of approval for different kinds of contracts but we do not turn them down. We just want to make sure that we are working with the local staffs to ensure they have all the resources they need to be able to put that together.

Ms. EMERSON. I appreciate that. Thank you.

Thank you, Mr. Chairman, and thanks to my buddy, Mr. Peterson, for letting me go first.

Mr. DICKS. Mr. Peterson.

#### FIRE FUNDING TRANSFERS FROM OTHER ACCOUNTS

Mr. PETERSON. Good morning.

Ms. KIMBELL. Good morning.

Mr. PETERSON. Welcome to the Committee, and I want to welcome you back today, and I will ask you in a minute about another project I would like you to come and look at.

Ms. KIMBELL. Okay. Good.

Mr. PETERSON. But is your chief financial person here?

Ms. KIMBELL. My budget director is here, Lenise Lago.

Mr. PETERSON. That is who I thought she was. How do you manage this? I mean, I cannot tell you the times of the few projects I am involved in in your whole system, well, we cannot do that this year or that is on hold for six months, that money has been borrowed to fight fires. Has anybody done a study of what it costs in project escalation costs and in starting and stopping projects and managing by crisis? I mean, you cannot keep your mind on the goal when you are constantly looking whose money you can borrow or hold or what project you can hold up to fight fires. I mean, it is insanity as far as what position we have put you in.

Ms. KIMBELL. I think many of my district rangers would agree with you, it is insanity. Yet, it is the system that we have to work with. The dollars that were borrowed from different accounts last year, have all been repaid and yet there is——

Mr. DICKS. That is because we gave you some emergency money.

Ms. KIMBELL. Exactly. That is because you gave us some emergency money, and I thank you again because that has been a tremendous help, and still there is this whole issue of lost opportunity costs or——

Mr. DICKS. If the gentleman would yield just briefly?

Mr. PETERSON. Surely.

Mr. DICKS. How much did you borrow and how much was repaid? I mean, how did that work?

Ms. KIMBELL. Last year, fiscal year 2007, we borrowed \$100 million and it has all been repaid. Overall, with the borrowing that we have done in this decade, we are behind about \$500 million, and a large chunk of that is in our National Forest System programs, \$100 million out of the \$500 million.

Mr. DICKS. National Forest System?

Ms. KIMBELL. The National——

Mr. DICKS. For the record, what did you put in? Break that \$500 million down.

Ms. KIMBELL. We can do that, absolutely.

[The information follows:]

221

(Amount in thousands)

**\$389,251**

**Transfers not restored**

Mr. DICKS. Mr. Peterson.

Mr. PETERSON. I guess I would hope this Congress would—I think I raised this issue last year. I guess you talked about a lot before I got here. You are the forest fire fighter of the country and that is an unknown every year and to have that come out of your budget, some of it permanently, some of it infinitely. I mean, if you were a company we would force you into bankruptcy but that costs money.

#### WORKFORCE MOBILITY

Another quick question. I guess one of the things from observation after 12 years is your system of moving people around. I guess that is how they climb the ladder, but I do find it troublesome that I keep having—I mean, I get comfortable with somebody who I really think has done a good job in the district office and the local office and then boom, we notice they are gone and another person is coming in. I mean, I do not think they should be lifetime jobs but 1-, 2- and 3-year appointments, I mean, a region, they just get to know a forest, they just get to know a region, they just get to know a district, a multi-state district, and they are gone. I mean, I find that troublesome—if that is how they climb the ladder, we need to change the system so they can be rewarded financially by staying someplace and understanding it and managing it.

Ms. KIMBELL. I hated to lose Kathleen Morris from the Allegheny National Forest as well. Leann will be a fabulous forest supervisor. She has certainly proved herself in Michigan. This kind of ties back to the Chairman's question about the number of folks eligible to retire because many of those folks are in key leadership positions. I myself came in towards the end of the Vietnam War, essentially to replace the great big wave of retirements of World War II retirees, and there is a whole slug of us, 4,000 of us, that are eligible to retire at all different levels of the organization. But, we do have a need to be able to move people into key leadership positions, and Kathleen was great there on the Allegheny and she is somebody whose name I want to see in lights.

Mr. PETERSON. Now, this is the third one that we will have in a very short period of time, and we lost the district manager at the same time, who I felt was pretty capable. So I guess I find it frustrating. And being in the East, we are a whole different forest, and most of your people understand the Western softwood forest, they come and try to learn about the hardwood forest in the East, so we keep getting Westerners who do not understand the Eastern forests and they come and they learn and then they go, and I find it troubling. I think somewhere in your system we need to change something, especially in the East where we do not have as many forests, and when people learn the Eastern forest that they are able to stay there a while to be productive. I mean, that is my opinion.

Ms. KIMBELL. Well, we do have people that move back and forth across the country. Paul Brewster, who was just on the Green Mountain National Forest, just moved to Alaska but he grew up in Massachusetts. I myself went to school in Vermont and I worked all over the West and it was a real treat to be on the Allegheny looking at black cherry.

## BIOMASS UTILIZATION PROJECTS

Mr. PETERSON. You helped fund a project last year, I think it was a \$200,000 or \$300 wood waste project, and I am proud to say the company, and I have been amazed, I did not know much about them a couple years ago until this project came up and I have gotten to know them since. They have been in business for a while and they are building projects all over the country. But we just had the groundbreaking Monday at St. Mary's Hospital. That hospital, using just green sawdust and chips, cardboard and paper, they are cutting their energy costs of their whole system, hospital, nursing home, personal care facility, and a new addition they are going to build, by 75 percent. It is a very unique burn system, and this company has not only developed a ceramic burn system that burns 90 percent efficient, very low air emissions and very clean-burning. They build the entire assembly system, the storage systems, the waste—the problem with burning waste is handling it. You back in trailers and just blow them into the big cylinder and it is all automatic. For every three tractor-trailer loads, you get a half a garbage can of ash. That is how clean it burns, I forget, 1,600, 1,700 degrees, really hot burning, and it is a very unique burn system and it could be very applicable all over the country. I would like to have you come and see it, and thank you for that little initiative grant.

Ms. KIMBELL. I would love to come and see it, and I believe this is an extension of our Fuels for Schools Program, and there is an added benefit in that the students or community gets an understanding, too, of how wood is such a valuable asset and living in the middle of a forest, unfortunately many people do not understand just how valuable that asset is.

Mr. PETERSON. But I think the clean green part of it, this is a unique burning system.

Ms. KIMBELL. I would love to see it.

Mr. PETERSON. It burns cleanly and it can burn a lot of things. They just actually were doing a test of burning animal waste at the Pittsburgh Zoo in this burn system. So I mean, they are doing projects all over the country. So I would like to have you come up and see that. Thanks again for the grant, and take a look at how people climb the ladder.

Ms. KIMBELL. Okay. Point well made.

Mr. PETERSON. They do not have to move all the time. It is good when people get a little familiarity. I am not saying it should be a lifetime. But I think a decade is a nice time to spend in an area, not one and a half years or two years. Thanks.

## LARGE FIRE TRENDS

Mr. DICKS. Let me ask you this. I do not know if you have seen this chart, Forest Service large-fire trends, 1970 to 2007. You see that these fires are not only getting bigger but there are more of them.

Ms. KIMBELL. Yes.

Mr. DICKS. And what do you think the reason for that is?

Ms. KIMBELL. Well, a couple of different things; as to the getting bigger, just four or five years ago we would only have one, two,

three fires that would be over \$10 million in Federal firefighting costs. Now it is typical—well, this last year we had 26, 27 that were over \$10 million. That is an incredible increase. I think part of it is that there are real changes in the vegetation. We have had extended drought across the West and across the South, maybe until this current rain, but we have had quite a bit of fire in Virginia, North Carolina, Georgia, Florida. We have had a lot of fire already this year, January and February. The fires are burning bigger, they are burning hotter, so that is one part, real changes in the vegetation that are carrying bigger, hotter fires. At the same time, we also have millions of homes being constructed into the forest, into the wildland-urban interface and it has really changed the way we fight fire in that there is more point protection going on to be able to protect communities versus perimeter control. Now, that is a double-edged sword in that these fires that we are experiencing right now, you could not put a crew on so many of them for perimeter control because of the nature of the fire itself and we put a lot of our effort at point control to keep fires out of communities.

Mr. DICKS. Mr. Calvert.

#### BARK BEETLE CONTROL

Mr. CALVERT. Thank you, Mr. Chairman, and I apologize, I was absent for a while so I do not know if someone may have asked this question. But as you know, in California and throughout the West we are having a significant problem with the bark beetle, and based on your budget, I do not know what you are going to do in a proactive fashion to try to find ways to remove that pest or to remove dead trees. I know in San Bernardino National Forest, especially around Idlewild and Lake Arrowhead, if in fact we had not removed those dead trees, probably those two communities would not exist today. I think that is an example of proactive interference in an area where you have this interface between development and the forest. So based upon this budget that has been proposed, what can you do in order to continue that proactive involvement to make sure that we do not have significant problems in the future?

Ms. KIMBELL. Well, we do have a 10-year strategy in place to look at where to treat to be most effective in protecting the communities, given the insect activity, the changes in vegetation. We are looking at that very much in California. I got to witness some of that during the fires this October on the San Bernardino to look at the treatments from the previous years and how those really have changed the fire behavior and protected so much of the community up there on the mountaintop. We recognize that the restoration of forest health with the bark beetle epidemics in the West, in the South, up along the Canadian border is going to take decades worth of work and we will prioritize the dollars in this budget to the most important parts, again looking at community protection, watershed protection, and communities that have constructed community wildfire protection plans.

Mr. CALVERT. Just to continue on what Mr. Tiahrt was saying earlier about how your budgeting works, it seems to me—I am new to this committee. As the Chairman knows, I am the newest guy on the block here so if I ask a stupid question—

Mr. DICKS. No such thing.

Mr. CALVERT [continuing]. Please let me know, Mr. Chairman. But as a former businessman in running a restaurant, it seemed to me you always need to have certainty and planning as you move from one year to the next to know, you know, the number of employees you are going to have, you know, what kind of inventory, just day-to-day business planning, and I know Mr. Tiahrt is in business also. Looking at your budget, I do not understand how you do planning for the next year, the year after or five years from now if you do not have any certainty in this process. So what I think both the Chairman and Mr. Tiahrt were saying, we have to find a way that you have a base budgeting process that you can count on so you can develop a good business plan and these tragedies that happen, fires, are handled off the books so you have to figure out a way to handle that separately. I think some thought needs to go into that because the way this budgeting process works now—for instance, this bark beetle problem, we all know that an ounce of prevention is much better than coming back after the fact and spending a lot of money trying to rehabilitate a community that is destroyed. So thank you, Mr. Chairman, for giving me the time.

#### SUPPRESSION COST APPORTIONMENT AGREEMENTS

Mr. DICKS. Well, you know, the National Association of State Foresters sent us an issue paper and one of the things they mentioned in their paper is partitioning the wildfire suppression budget to provide a new financial mechanism that must be closely tied to cost containment management controls. This partition should be based on the true cost driver of suppression expenditures, large fires. The fact is that only 2 percent of the wildfires burn 90 percent of all burned acres, consuming 85 percent of total suppression costs. These 2 percent of fires are truly above and beyond normal budgeting processes and should be partitioned into a flexible suppression spending account accessible only if certain cost containment measures are undertaken and normal suppression appropriated dollars had been expended. What do you think of that?

Ms. KIMBELL. Well, I think there is a lot of merit there. Of course, there is always the challenge on where the dollars come from that would go into such a fund but we would be happy to work with you on that, and we have certainly been in discussion with the National Association of State Foresters as well. We have been partners with the State foresters since our inception, since the State foresters were established, and—

Mr. DICKS. They are not thrilled about your budget this year in terms of cutting the funding that goes for this cooperation. Should we not be trying to get them to have more equipment out in more places so that you can stop these big fires before they really get rolling?

Ms. KIMBELL. Well, right along with that is the whole business of roles and responsibilities, of who has the role, the responsibility for what kinds of fire protection. That is something that certainly OIG and GAO have taken an interest in and OMB has taken an interest in it. I know it is a discussion that we are having as we are rebuilding our memorandums of agreement with the States and we—

Mr. DICKS. They mentioned yesterday, the State forester from Arizona, that these are wildfires starting on Federal lands——

Ms. KIMBELL. I understand he mentioned that.

Mr. DICKS [continuing]. And should be the Federal government taking care of their fires, not saying States take care of it or somebody else take care of it.

Ms. KIMBELL. Well, I would hate to start comparing acres but the Zaka fire in California did not start on National Forest System land but it certainly burned a great deal of the national forest there, and——

Mr. DICKS. How do you reach these agreements? I mean, how do you negotiate something like this?

Ms. KIMBELL. During the preseason, we sit down with the staff from the State and there is a template for it, but we work through an agreement as to who is going to cover what kind of cost. We have agreements in different States where the States will actually provide fire protection on national forest and the Forest Service will provide protection on other lands.

Mr. DICKS. So is it forest by forest or State by State by State or——

Ms. KIMBELL. Normally State by State.

Mr. DICKS. State by State.

Ms. KIMBELL. And looking for efficiency opportunities. If somebody has a fire crew in one community and somebody has one in another community, then they will look to provide initial attack on each other's lands to be able to get it early.

Mr. DICKS. Do you think we are picking up too much of the tab on this?

Ms. KIMBELL. I think there is a lot to be sorted out there, that there was quite some question last year about things like structure protection. Mr. Tiaht mentioned insurance. There were some communities where the insurers were in those communities foaming houses, wrapping houses. There were other communities that did not get that kind of support from insurance companies. I think there is a lot to be sorted out there.

Mr. DICKS. How do you do that? Is this a responsibility of yourself as chief to go out and try to work these things out with these local people?

Ms. KIMBELL. Certainly with the Forest Service, we have a responsibility. So do the State foresters, so does the Bureau of Land Management.

#### INSURANCE COMPANIES

Mr. DICKS. But we all point the finger that somebody else is responsible. I mean, you are saying you get these agreements. There is a way to engage the insurance companies. Have you ever convened a meeting in your office in Washington, D.C., and brought in all these insurance company executives and talked to them about this?

Ms. KIMBELL. I have not personally engaged them.

Mr. DICKS. Has anybody in the Forest Service ever done that?

Ms. KIMBELL. I do not know. I will get back to you.

[The information follows:]



Mr. Dicks asked Chief Kimbell for information on any meetings with insurance companies related to wildland fire costs.

In August 2007, the Forest Service, Department of the Interior, and the National Association of State Foresters began informal dialogue with representatives of one insurance company and several insurance associations.

During its October 2007 meeting, the Wildland Fire Leadership Council (WFLC) met with representatives of the insurance company and one insurance association. Several key points came out of that meeting, including:

- Partnerships between public and private entities are critical to solving property losses from wildlife.
- Homeowner's insurance premiums are regulated at the State level. Therefore, homeowner incentives based on rate savings are an unlikely solution to promote wildlife mitigation efforts on private property.
- Anti-trust regulations significantly restrict insurance companies' ability to meet or collaborate with one another. These regulations also apply to meetings with Federal agencies, and strictly prohibit discussions about insurance rates.
- Representatives from WFLC and the insurance entities that attended the October meeting agreed to work together to explore partnership opportunities for a public education campaign promoting best practices for homeowners to defend their lives and property from risks associated with wildlife.

Mr. DICKS. Would it not be a good idea?

Ms. KIMBELL. Yes.

Mr. DICKS. If there are some of them that are doing it, you might explain to the other guys, do you not think this is a good idea. Maybe you can get some help from these people.

Ms. KIMBELL. I know as a forest supervisor, I did that locally in the community.

Mr. DICKS. Good. Well, now you are the chief.

Ms. KIMBELL. Yes, I am.

Mr. DICKS. Mr. Tiahrt, do you have any—

#### AIRCRAFT USE ON FIRES

Mr. TIAHRT. Just one more. We talked a little bit about the role of the military in fighting fires, and with a suppressed budget like this, I do not know that we will have the opportunity to look at those vehicles that were very beneficial in fighting fires, and particularly UAVs. When the other planes could not get out, these UAVs were able to fly through the smoke, get the hot spots, were able to redirect some firefighters and made a big difference in fighting those fires. However we sort out the bookwork on this, and I think we need to change what we are doing today. We need to look at how we are going to handle support from aircrafts because they are a great addition to the people on the ground with the shovels by knowing where to go and when with this kind of hardware. So I hope we get a chance to sometime go into a little more.

I guess that is probably all. Thank you, Mr. Chairman.

Mr. DICKS. Any other questions? Well, the Committee will stand adjourned, and thank you for your very good testimony, and we wish your cup was more than half-full.

Ms. KIMBELL. So do I.

Mr. DICKS. Thank you.

Ms. KIMBELL. Thank you, Mr. Chairman.

**Questions for the Record**  
**Chairman Norm D. Dicks**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

#### **Large Cuts in Budget**

**Dicks Question 1.** This budget request is pretty rough on the Forest Service. Let's talk about what you think will be the most challenging cuts to implement. Would it be the huge reductions to your state and private programs, the sizable reductions to the national forest system operations and land protection account, the care for roads, or what?

**Answer:** We recognize your concern. The FY 2009 budget request reflects the Administration's priorities for supporting national security efforts and sustaining economic growth. The Forest Service had to make tough choices in the context of declining budgets and escalating fire suppression costs. These reductions are, to some degree, offset by cost saving measures and through enhanced efficiencies and management reorganization.

Within the framework of the agency's 2007-2012 Strategic Plan and the themes laid out, the Forest Service budget for 2009 focuses on core responsibilities, maintaining program effectiveness, and addressing on-going management challenges. The 2009 budget aligns Forest Service spending to reinforce the agency's commitment to caring for the 193 million acres of national forests and grasslands, and providing for the highest priority activities that can demonstrate performance in a transparent manner.

Funding for State and Private Forestry programs should be considered along with the conservation title proposal in the President's 2008 Farm Bill, intended for purposes and activities similar to those supported by the State and Private Forestry program. The full amount of funding in the conservation title is substantially greater than the amount of proportional reductions made in the State and Private Forestry program. The FY 2009 budget focuses on the Forest Service serving as a convener of technical expertise and information rather than funding projects.

**Dicks Question 2.** This budget request calls for reducing the Forest Service by over 2700 FTE's. How will you be able to maintain your vital fire programs, take care of the 193 million acres, and still deal with many other programs?

**Answer:** The FY 2009 proposed budget maintains fire readiness resources equivalent to prior years while the agency continues efforts to restructure the national and regional offices. These efforts will maximize resources directed to the ground and will partially offset pay and other cost increases. Operational and management efficiencies will also allow the agency to maintain resource and readiness capability. This includes the realignment of costs for aviation resources used primarily for incident support from preparedness to suppression, within the Wildland Fire Management appropriation.

Agency-wide reductions in FTEs are likely to be met through attrition and retirements alone. Last year, the agency saw almost 2,000 employees retire or resign, and it currently has over 4,000 more employees eligible for retirement.

**Dicks Question 3.** What part of the country do you think will be the most impacted by these reductions?

**Answer:** The Forest Service is still in the planning stages of reorganization at the national and regional levels; therefore, we do not yet know which parts of the country will be most impacted by employee reductions. It is likely that these reductions – as well as reductions due to attrition and retirements – will be spread across the agency, and across the country.

### Emergency Wildfire Suppression

**Dicks Question 4.** At our hearing yesterday we talked a bit about various options to separate out the emergency wildfire suppression part of the budget so it can be dealt with in a different manner. What do you think about the different options you have heard discussed? What are the technical barriers to new suppression funding systems?

**Answer:** We acknowledge that funding of wildfire management is a challenging issue, and we welcome a continuing dialogue on the topic. While the factors of drought, fuels build-up in our forests, and increasing development in fire prone areas have caused the costs of firefighting to grow in recent years, we are positive about our direction to address wildland fire suppression costs and are committed to action.

Though paying for extraordinary fire events has the potential to delay important agency work, we are addressing what is driving suppression costs before addressing how the agency pays for them. The Forest Service is adopting substantive management reforms to mitigate increased fire suppression costs. The Forest Service, Department of the Interior, and other first responders have spent significant effort and resources over the past several years to coordinate capability, improve inter-governmental communication, and employ management controls to ensure effective response. At the same time, we have increased attention to managing costs in these complex environments. These efforts are having an effect on suppression costs. For example, USDA saw a decrease of over \$100 million on suppression expenditures in 2007 compared with 2006, even though the size of wildfires and acres burned were greater.

Two recent bills have highlighted alternatives for budgeting wildfire suppression. Policy analysis for each of these needs to be examined relative to the implications on the Federal budget and potential offsets for increased mandatory spending. The Administration has not submitted any proposal to change the method for budgeting for fire suppression and, consistent with the current and previous Administrations' policy and historical practice, the Departments will continue to budget for fire suppression costs using the 10-year average. This approach is also consistent with the way other Federal agencies, including those in the Department of Agriculture and the Department of Homeland Security, budget for disasters and emergencies where future costs cannot be predicted.

As we work together on this issue, the Departments will continue to work closely to meet the challenge of rising suppression costs. A number of positive steps have been taken, including emphasizing land management decisions that affect fuel loading and resource protection, advancing integrated data management, providing clarification for master cost-sharing agreements, and developing metrics and accountability measures to evaluate managerial cost effectiveness. Both agencies also use Appropriate Management Response (AMR), which provides risk-informed fire protection by introducing the concept of managing wildfire in relationship to the risk that the incident poses.

### Cost Reductions

**Dicks Question 5.** Your budget at a glance shows a column for “cost reductions” which total over \$70 million. What are these cost reductions and how and where will they be applied? Do you think any of this is real or is it another phony budget gimmick?

**Answer:** These cost reductions represent anticipated savings from ongoing efforts to optimize organizational efficiency by restructuring leadership and program management functions at the national and regional offices. These efforts will result in directing maximum resources toward on-the-ground mission delivery and will partially offset pay and other cost increases. Potential cost savings have been identified across multiple programs and functions. Savings from these cost reductions will help the Forest Service achieve its goal of reducing overhead costs by 25 percent.

**Dicks Question 6.** Regarding past estimates of cost reductions, you have done extensive centralization of your finance and human resources and IT systems but I often hear that there are problems. I have yet to see any real savings from all of these re-engineering efforts. How much money have you invested in the Albuquerque Service Center so far and when will we see a pay-off?

**Answer:** The total on-going annual cost reductions (per business case) are \$99 million with a payback period of less than 4 years. Savings were computed on an annualized basis. The costs and payback period cover different years depending on the schedule on which the individual projects were implemented.

- a. The IT implementation year was FY2005, and payback would have been complete by the first or second quarter of FY2006.
- b. Financial Management implementation was completed in the second quarter of FY 2006, and the payback period would have been completed by end of FY2007.
- c. Human Capital Management implementation is ongoing. Based on the projected annual savings, we expect the initial investment to be repaid in 2 years.

Current and future state costs are computed using three basic components: personnel, facilities, and technology. Personnel costs include salaries and benefits, overhead, indirect costs, and travel and training.

The chart below has been revised from the original to accurately reflect the HCM payback period as 2 years with the total payback period across all efforts 4 years total.

All dollars in millions

	Information Technology	Financial Management (B&F)	Human Capital Management	Total BOTP
Current State Cost	\$76.3	\$139.9	\$86.9	\$303.1
Future State Cost	\$46.8	\$101.2	\$56.3	\$204.3
On-going Annual Cost Reductions (per business case)	\$29.5	\$38.7	\$30.6	\$98.8
One-Time Investment Cost	\$12.0	\$45.2	\$60.5	\$117.7
Payback Period	Less than 1 year	Less than 2 years	2 years	4 years total

## Albuquerque Service Center Funding

Dicks Question 7 (a). Please provide a funding history for the Albuquerque Service center, with, by appropriation account, the funding provide in FY 2006, 2007, expected in 2008 and requested in 2009.

Answer:

Centralized Business Service (CBS) Total Obligations 1/ FY 2006 through FY 2009 (Estimated) (Thousands of Dollars)				
Appropriation Account	FY 2006	FY 2007	FY 2008	FY 2009
Capital Improvement and Maintenance	\$35,563	\$43,738	\$38,341	\$38,341
Forest and Rangeland Research	\$12,782	\$16,824	\$17,300	\$17,300
Forest Legacy	\$156	\$297	\$304	\$304
Land Acquisition	\$1,387	\$1,591	\$909	\$909
National Forest System	\$143,510	\$180,078	\$181,018	\$181,018
State and Private Forestry	\$6,605	\$10,693	\$9,620	\$9,620
Subsistence Management	\$243	\$382	\$356	\$0
Wildland Fire Management	\$130,904	\$151,889	\$149,000	\$149,000
Permanent and Trust Funds	\$20,828	\$23,337	\$18,072	\$18,072
<b>Total CBS Obligations</b>	<b>\$351,978</b>	<b>\$428,829</b>	<b>\$414,922</b>	<b>\$414,566</b>
1/ Includes centralized services for Budget and Finance (B&F), Information Resource Management (IRM), and Human Capital Management (HCM). HCM did not begin migration from the field units to Albuquerque until FY 2007. Obligations are from both cost pools and direct project funding.				

Note: National level centralized business services (HCM, CIO, B&F) in the Albuquerque Service Center are excluded from the Washington Office/Regional Office/Northeastern Area transformation efforts currently in progress. Although we anticipate there will be some economies of scale gained as the centralized organization becomes more efficient in business processes, we are unable to quantify the reduction in obligations at this time.

State Payrolls

**Dicks Question 7 (b).** What is the total Forest Service payroll in each of those years for the State of New Mexico?

See next page for response.

Answer:

Salary Summary				Salary Summary				Salary Summary				Salary Summary				Salary Summary			
U. S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE				U. S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE				U. S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE				U. S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE				U. S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE			
Year = Fiscal Year 2005				Year = Fiscal Year 2007				Year = Fiscal Year 2008 Projection				Year = Fiscal Year 2009 Projection				Year = Fiscal Year 2009 Projection			
By Location (State)				By Location (State)				By Location (State)				By Location (State)				By Location (State)			
Location (State)	Total Salary	Avg Salary	Employee Count	Location (State)	Total Salary	Avg Salary	Employee Count	Location (State)	Total Salary	Avg Salary	Employee Count	Location (State)	Total Salary	Avg Salary	Employee Count	Location (State)	Total Salary	Avg Salary	Employee Count
New Mexico	\$92,397,024.00	\$51,705.00	1787		\$105,213,123.00	\$52,060.00	2021		\$96,582,415.86		1855		\$98,702,711.22		1704				

Data as of 03/09/2008

Prepared By Vee Parson on 3/12/2008 at 6:18 PM

From NFC Online Reporting Center "Salary Summary" Report



**Dicks Question 8.** Please provide a total Forest Service payroll table by State (and DC and PR) for FY 2006, FY 2007 and expected in FY 2008 and requested in FY 2009. If data are not available for FY 2008 or 2009, please extrapolate based on your FTE projections.

**Answer:** See next page for response.

Salary Summary U.S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE				Salary Summary U.S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE				Salary Summary U.S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE			
Year = Fiscal Year 2005				Year = Fiscal Year 2007				Year = Fiscal Year 2009 Projection			
Location (State)	Total Salaries By Location	Step Rates	Employee Count	Total Salaries By Location	Step Rates	Employee Count	Total Salaries By Location	Total Salaries By Location	Step Rates	Employee Count	Total Salaries By Location
Alabama	\$10,528,700.00	\$49,000.00	212	\$10,571,365.00	\$53,310.00	206	\$9,704,185.87	\$9,704,185.87	189	174	\$8,912,466.85
Alaska	\$46,943,256.00	\$48,378.00	1021	\$43,886,800.00	\$47,089.00	888	\$40,890,739.24	\$40,890,739.24	888	888	\$38,999,932.84
Arizona	\$66,297,119.00	\$43,474.00	1525	\$67,760,094.00	\$43,766.00	1548	\$62,332,466.83	\$62,332,466.83	1421	1305	\$57,138,493.32
Arkansas	\$14,865,650.00	\$44,850.00	332	\$14,865,650.00	\$44,850.00	332	\$14,865,650.00	\$14,865,650.00	332	332	\$14,865,650.00
California	\$333,336,390.00	\$44,851.00	7778	\$335,419,100.00	\$43,410.00	7731	\$308,089,029.81	\$308,089,029.81	7097	6518	\$282,952,177.83
Colorado	\$107,241,734.00	\$51,336.00	2089	\$107,186,150.00	\$51,640.00	1998	\$98,395,437.33	\$98,395,437.33	1834	1684	\$90,387,816.81
Connecticut	\$1,457,351.00	\$60,244.00	22	\$1,355,878.00	\$54,560.00	21	\$1,244,654.37	\$1,244,654.37	19	18	\$1,143,108.06
Delaware	\$1,895,650.00	\$60,850.00	31	\$1,895,650.00	\$60,850.00	31	\$1,895,650.00	\$1,895,650.00	31	31	\$1,895,650.00
District of Columbia	\$43,051,228.00	\$69,887.00	481	\$44,327,390.00	\$91,865.00	482	\$40,591,173.58	\$40,591,173.58	445	406	\$37,371,372.27
Florida	\$10,901,528.00	\$46,789.00	233	\$10,944,135.00	\$49,768.00	220	\$10,500,665.69	\$10,500,665.69	202	185	\$9,230,935.39
Georgia	\$31,442,587.00	\$64,563.00	487	\$29,776,138.00	\$59,846.00	455	\$27,551,568.00	\$27,551,568.00	435	381	\$25,116,568.00
Hawaii	\$1,442,587.00	\$64,563.00	22	\$1,442,587.00	\$64,563.00	22	\$1,442,587.00	\$1,442,587.00	22	22	\$1,442,587.00
Idaho	\$130,809,463.00	\$43,441.00	2781	\$118,267,851.00	\$44,832.00	2638	\$108,255,252.35	\$108,255,252.35	2422	2224	\$99,708,845.58
Illinois	\$42,485.00	\$42,485.00	1	\$42,485.00	\$42,485.00	1	\$42,485.00	\$42,485.00	1	1	\$42,485.00
Indiana	\$9,491,910.00	\$37,456.00	251	\$9,491,910.00	\$37,456.00	251	\$9,491,910.00	\$9,491,910.00	251	251	\$9,491,910.00
Iowa	\$4,916,100.00	\$37,456.00	131	\$4,916,100.00	\$37,456.00	131	\$4,916,100.00	\$4,916,100.00	131	131	\$4,916,100.00
Kansas	\$4,916,100.00	\$37,456.00	131	\$4,916,100.00	\$37,456.00	131	\$4,916,100.00	\$4,916,100.00	131	131	\$4,916,100.00
Kentucky	\$15,945,375.00	\$46,218.00	341	\$15,966,895.00	\$46,324.00	341	\$15,966,895.00	\$15,966,895.00	341	341	\$15,966,895.00
Louisiana	\$1,442,587.00	\$64,563.00	22	\$1,442,587.00	\$64,563.00	22	\$1,442,587.00	\$1,442,587.00	22	22	\$1,442,587.00
Maine	\$34,074,000.00	\$57,346.00	596	\$30,502,020.00	\$57,204.00	51	\$29,039,611.00	\$29,039,611.00	51	4	\$29,039,611.00
Michigan	\$1,131,840.00	\$70,740.00	16	\$1,054,336.00	\$61,100.00	13	\$967,048.07	\$967,048.07	12	11	\$888,885.60
Minnesota	\$933,462.00	\$55,660.00	15	\$949,126.00	\$47,450.00	120	\$971,250.52	\$971,250.52	138	17	\$800,185.82
Mississippi	\$20,374,455.00	\$48,834.00	422	\$22,711,446.00	\$52,125.00	570	\$27,274,196.84	\$27,274,196.84	529	461	\$25,049,023.51
Missouri	\$17,688,155.00	\$47,669.00	371	\$16,219,773.00	\$49,110.00	371	\$16,255,182.09	\$16,255,182.09	341	313	\$15,380,682.41
Montana	\$15,371,313.00	\$49,745.00	305	\$14,400,535.00	\$51,247.00	281	\$13,218,906.57	\$13,218,906.57	264	238	\$11,540,393.91
Nebraska	\$14,343,943.00	\$35,353.00	404	\$14,343,943.00	\$35,353.00	404	\$14,343,943.00	\$14,343,943.00	404	364	\$11,602,682.28
Nevada	\$4,504,900.00	\$35,353.00	124	\$4,504,900.00	\$35,353.00	124	\$4,504,900.00	\$4,504,900.00	124	154	\$5,466,255.77
New Hampshire	\$14,343,943.00	\$35,353.00	314	\$14,343,943.00	\$35,353.00	314	\$14,343,943.00	\$14,343,943.00	314	284	\$12,229,756.19
New Jersey	\$14,343,943.00	\$35,353.00	314	\$14,343,943.00	\$35,353.00	314	\$14,343,943.00	\$14,343,943.00	314	284	\$12,229,756.19
New Mexico	\$92,397,024.00	\$51,705.00	1787	\$105,613,123.00	\$52,060.00	2021	\$96,582,415.86	\$96,582,415.86	1835	1704	\$88,702,711.22
New York	\$1,902,972.00	\$46,438.00	41	\$1,984,786.00	\$47,822.00	41	\$1,984,786.00	\$1,984,786.00	41	38	\$1,655,464.90
North Carolina	\$1,902,972.00	\$46,438.00	41	\$1,984,786.00	\$47,822.00	41	\$1,984,786.00	\$1,984,786.00	41	38	\$1,655,464.90
North Dakota	\$1,902,972.00	\$46,438.00	41	\$1,984,786.00	\$47,822.00	41	\$1,984,786.00	\$1,984,786.00	41	38	\$1,655,464.90
Ohio	\$8,130,364.00	\$51,134.00	159	\$8,130,364.00	\$51,134.00	159	\$8,130,364.00	\$8,130,364.00	159	81	\$4,246,533.10
Oklahoma	\$2,643,035.00	\$43,326.00	61	\$2,659,079.00	\$42,046.00	66	\$2,659,079.00	\$2,659,079.00	66	62	\$2,410,422.31
Oregon	\$1,902,972.00	\$46,438.00	41	\$1,984,786.00	\$47,822.00	41	\$1,984,786.00	\$1,984,786.00	41	38	\$1,655,464.90
Pennsylvania	\$20,865,345.00	\$54,200.00	380	\$19,697,160.00	\$58,890.00	346	\$18,072,213.80	\$18,072,213.80	316	292	\$15,597,786.96
Rhode Island	\$37,446.00	\$37,446.00	1	\$37,446.00	\$37,446.00	1	\$37,446.00	\$37,446.00	1	1	\$37,446.00
South Carolina	\$13,951,976.00	\$48,277.00	289	\$14,447,897.00	\$49,993.00	283	\$13,927,314.97	\$13,927,314.97	260	239	\$11,927,739.46
South Dakota	\$1,902,972.00	\$46,438.00	41	\$1,984,786.00	\$47,822.00	41	\$1,984,786.00	\$1,984,786.00	41	38	\$1,655,464.90
Tennessee	\$14,343,943.00	\$50,710.00	282	\$14,343,943.00	\$50,710.00	282	\$14,343,943.00	\$14,343,943.00	282	251	\$12,257,171.93
Texas	\$11,137,128.00	\$50,394.00	221	\$11,548,235.00	\$50,878.00	227	\$10,810,845.06	\$10,810,845.06	208	191	\$9,736,888.59
Utah	\$73,264,524.00	\$49,088.00	1497	\$73,264,524.00	\$49,088.00	1497	\$73,264,524.00	\$73,264,524.00	1398	1298	\$67,593,935.55
Vermont	\$40,711,155.00	\$64,212.00	634	\$39,266,469.00	\$65,553.00	599	\$36,045,412.69	\$36,045,412.69	550	505	\$33,104,437.15
Washington	\$81,282,874.00	\$44,612.00	1822	\$81,381,629.00	\$45,496.00	1789	\$74,705,111.61	\$74,705,111.61	1642	1508	\$69,611,131.66
West Virginia	\$14,343,943.00	\$35,353.00	314	\$14,343,943.00	\$35,353.00	314	\$14,343,943.00	\$14,343,943.00	314	284	\$12,229,756.19
Wisconsin	\$1,902,972.00	\$46,438.00	41	\$1,984,786.00	\$47,822.00	41	\$1,984,786.00	\$1,984,786.00	41	38	\$1,655,464.90
Wyoming	\$32,372,125.00	\$41,688.00	786	\$32,372,125.00	\$41,688.00	786	\$32,372,125.00	\$32,372,125.00	786	698	\$27,406,248.28
Yukon	\$98,537.00	\$98,537.00	1	\$98,537.00	\$98,537.00	1	\$98,537.00	\$98,537.00	1	0	\$0.00
Zimbabwe	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Chad	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Comoros	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Guinea	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Madagascar	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Mali	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Niger	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Nigeria	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Sierra Leone	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
South Africa	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Tanzania	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Zambia	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Zimbabwe	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	\$10,130.00	\$10,130.00	1	1	\$10,130.00
Total	\$1,528,891,899.00	\$43,109.95	3574	\$1,383,151,412.00	\$48,659.75	3195	\$1,058,259,834.60	\$1,058,259,834.60	3195	2795	\$1,551,483,183.25

### Fixed Costs

**Dicks Question 9.** Your annual fixed costs total over \$77 million, but your budget has large program reductions and does not truly cover fixed costs. How will you deal with this?

**Answer:** The Forest Service will continue its efforts to optimize organizational efficiency by restructuring leadership and program management functions at the national and regional offices. These efforts will result in directing maximum resources toward on-the-ground mission delivery and will partially offset pay and other cost increases. The proposed budget will also focused funds on the highest priority work.

### Forest Service Road System

**Dicks Question 10.** Your budget shows that there is a road maintenance backlog of over \$4 billion, and I am told that your agency has new data which suggests that the problem is actually even worse. Last year I sponsored a new effort, the Legacy Road and Trail Remediation program, to focus on sensitive watersheds and begin to turn this situation around. Please tell us how that initial effort is going? Why was it dropped from the new budget?

**Answer:** Funds have been allocated to the regions for road and trail repair and decommissioning. Regions have been directed to select projects based on the priorities stated in the Bill, including urgently needed road decommissioning; removal of fish passage barriers; remediation of water quality problems in streams and water bodies which support threatened, endangered, or sensitive species or community water sources; and for repairs required due to recent storm events. In addition, regions have been required to consider availability of matching funds and capability to award contracts in FY 2008 for the projects selected. Detailed reporting of accomplishments is also required.

The Omnibus made existing mandatory funds available as a discretionary function. The direction in the Bill language for the work to be accomplished with this new effort remains appropriate under existing discretionary, permanent, and trust fund appropriations. The agency will continue this work through other existing programs in FY 2009 and beyond. Further, the timing of the Omnibus—passed in late December 2007, well after the FY 2009 budget had been negotiated—did not allow for consideration in the FY 2009 budget.

**Dicks Question 11.** Can you describe the overall conditions of the Forest Service road system? What percentage of the roads gets any maintenance at all? What percentage of the roads is managed to standard? How do Forest Service maintenance standards compare with standards at state and county levels?

**Answer:** The agency is working on long-term measures that track performance for safety, condition sustainability, and the environmental suitability of our 375,000-mile road system, but we are currently unable to provide an objective measure of overall conditions. In FY 2007, using all funding sources, 46,851 miles, or 69 percent, of the nearly 68,000 miles of passenger car roads (Maintenance Levels 3, 4, and 5) received maintenance. In addition, 27,373 miles, or 9

percent, of the nearly 307,000 miles of high clearance and closed roads (Maintenance Levels 1 and 2) received maintenance.

The following table shows the miles of road receiving maintenance by operational maintenance level using all funding sources, such as, Capital Improvement and Maintenance – Roads funds, Ten Percent Roads and Trails Fund, Federal Highway funds, and partnership contributions from States and counties.

National Forest System Roads Operational Maintenance Level	Total System Miles	Miles Receiving Mtce	Percent
High Clearance and Closed Roads			
Level 1 (Closed)	93,025	2,951	3.2%
Level 2 (High Clearance)	214,083	24,422	11.4%
Passenger Car Roads			
Level 3	52,333	36,377	69.5%
Level 4	11,995	8,413	70.1%
Level 5	3,447	2,061	59.8%
Grand Total	374,883	74,224	19.8%

The National Forest Road System (NFRS) is subject to many standards, including the Forest Highway Act, the National Forest Roads and Trails Act, and the Renewable Resources Planning Act of 1974. Other laws, such as the Clean Water Act, the Highway Safety Act, and the Endangered Species Act also provide standards for road system management. Currently, data regarding miles maintained to standard is not collected since the number of standards makes this measure of limited value. However, information regarding miles of road receiving maintenance is collected and reported annually.

Maintenance level 3, 4, and 5 roads are comparable to State or county roads from the standpoint of user safety and drivability. Approximately 18 percent of the National Forest System roads are under these maintenance levels. The remainder of the Forest Service's road system is managed as either passable to high clearance vehicles (maintenance level 2) or as stored between intermittent uses (maintenance level 1) and are not comparable to the maintenance standards of State or county roads.

Furthermore, the Forest Service is working to recategorize certain roads as stewardship assets. This will remove approximately \$5 billion of capitalized road prism from our inventory in order to better present the financial status of the agency and to reflect the programmatic change from a business-like to a stewardship activity in compliance with applicable accounting standards.

**Dicks Question 12.** Do road failures harm the natural environment and quality water needed by cities and towns?

**Answer:** Yes, most road failures cause harm to the natural resources and have the potential to damage water quality depending on the proximity of the road failure to a water source. This is why the agency allocates funding to minimize the number and impact of road failures.

**Dicks Question 13.** Your budget has a 13% decrease for road maintenance. How will this impact people who want to get around the forests and how will failures impact the environment?

**Answer:** The administration's FY 2009 road maintenance funding for passenger car roads, high clearance and closed roads, and decommissioned roads totals \$117.3 million, 1 percent above the FY 2008 enacted level of \$116.3 million. The agency strategy is to reduce the quantity of roads open to traffic and the service levels of those roads to levels sustainable with current budgets. By shifting miles of road maintained for passenger cars to miles maintained for high clearance vehicles or closed, the investment in roads for future use will be preserved and annual maintenance needs and risks associated with roads open to traffic will be reduced.

**Dicks Question 14.** Your budget table says you will increase maintenance of high clearance and closed roads by 66% but you will reduce maintenance of passenger car roads by 8% and reduce your decommissioning of roads by 22%. Can you please explain these priorities?

**Answer:** The agency is working to improve overall data quality and ensure that condition assessment surveys are accurate and drive management decisions regarding the construction, use, maintenance or decommissioning, and disposal of roads and other capital assets. To that end, we are working to develop and implement a strategy to prioritize road improvements that reflect investment strategies as common criteria for setting priorities in addressing the deferred maintenance backlog.

Currently, 82 percent of the forest road system is in maintenance level 1 and 2 (high clearance and closed) where the preponderance of deferred maintenance backlog relative to Best Management Practices occurs. Efforts to right-size the roads system may require shifts from miles of road maintained for passenger cars to miles maintained for high clearance vehicles or closed. In FY 2009, funding will focus on implementing the strategy needed to have a forest road system that meets the agency needs and is sustainable and affordable in the long term. This investment will allow future budgets to be focused on passenger car roads.

Decommissioning as part of the road budget is reduced because this can be accomplished with a variety of other funds, through other resource activities and with partners. These options are considered whenever possible as priorities are set for the annual program of work.

**Dicks Question 15.** Since you have so many closed roads and so many more roads than you either need or can afford, shouldn't you invest more of your funding in decommissioning roads?

**Answer:** The agency is working to develop and implement a strategy to prioritize road improvements that reflect investment strategies as common criteria for setting priorities in addressing the deferred maintenance backlog. Properly storing roads in maintenance level 1 preserves investment in roads for future use while virtually eliminating the annual maintenance needs and risks associated with roads open to traffic.

Critical resource maintenance needs are more prevalent on open roads. While some funding is provided for decommissioning, the greatest benefit is derived by spending limited funds on open

roads rather than spending the same amount on road decommissioning. Opportunities to decommission roads will be linked to other resource activities such as timber sales and land stewardship contracts, to the extent possible.

### **Transportation System Planning**

**Dicks Question 16.** Tell us about your transportation system planning process and what is resulting. How do you decide which roads should be kept and which should be closed? How expensive is it to close the roads?

**Answer:** Transportation planning starts with a decision about land use which is made through the forest planning process. Once land allocation decisions are made, appropriate transportation systems are planned.

“Travel Analysis” is the current process used for advising decision makers on cumulative impacts and connected actions involved with proposed travel management decisions and ongoing annual road maintenance planning. The scope and scale of travel analysis is established by the decision maker. It is a flexible process that can be adjusted as necessary for each prospective decision. Current Travel Analysis is being done at the local level with varying degrees of completion.

The overall Forest Service strategy is to 1) improve overall data quality and ensure that accurate condition assessment surveys drive management decisions regarding construction, use, maintenance or decommissioning, and disposal of assets, and 2) develop and implement a strategy to prioritize road improvements that reflect investment strategies as a common criteria for setting priorities in addressing the deferred maintenance backlog. This will allow us to decrease the size of our current road system to one that provides the critical access needed, yet is sustainable and affordable.

There are a number of options available to close roads. These options range from complete obliteration and recontouring, which costs about as much as construction of a new road, to allowing vegetation to close the road naturally at no cost. Decisions are made at the local level to use the least cost method to accomplish the road closure while still meeting resource objectives.

### **Recreation Facility Master Planning**

**Dicks Question 17.** We have been hearing about your recreational facility master planning effort. Will you please describe it and explain how you see the various forests using it to decide which campgrounds to close?

**Answer:** Recreation facility master planning, referred to as Recreation Facility Analysis (RFA), is an analysis process used nationally to assist forests in creating a sustainable program that aligns recreation sites with visitors' desires, expectations, and use. RFA helps ensure that recreation sites and facilities provide the appropriate mix of opportunities within the special

characteristics of individual forests. Each forest, with the help of interested people, identifies the forest niche. Forests analyze each recreation site based on criteria such as how well the site supports the recreation needs, desires, and expectations of the public; the role that site plays in the local community; and the site's relationship to the environment.

Based on this analysis, the forest develops a 5-year proposed program of work to meet the goals of the Recreation Facility Analysis process. The public is invited to help implement and improve key tasks in the proposed program of work while meeting those goals. Of all the sites that have been analyzed to date, less than 3 percent are proposed to be closed.

**Dicks Question 18.** Do you find that you have a lot of facilities that do not get much use? Will it be expensive to close down so many facilities? What does the public say about this?

**Answer:** There are facilities on some forests that are quite underused. One of the results of the analysis, for example, indicates that our current campground use is only 26 percent of our capacity. Proposals for sites and facilities that are receiving little to no use include changing the numbers and types of amenities that are offered to align with visitor expectations for particular national forests.

Forest Service recreation sites constructed in the 1930s - 1960s do not always meet the expectations of many of today's forest visitors. RFA carefully assesses where to focus investments and energy to be as responsive as possible to today's visitors. By understanding values and trends, forests can make more informed decisions that match limited resources to visitor recreation habits and desires. By reducing investment in lower-use sites and activities, recreation managers can take better care of higher-use areas and evolving needs.

Public involvement in RFA reveals what is unique about a specific forest or recreation site and can ensure that these characteristics are not overlooked during the overall process. A few proposed actions based on RFA, such as site decommissioning or changes in fees, are subject to additional formal public involvement opportunities (e.g., National Environmental Policy Act, Recreation Resource Advisory Committees). RFA generates better information for public discussions about specific recreation sites and how well they provide recreation opportunities which supports better decisions.

### Recreation Funding

**Dicks Question 19(a).** This request cuts basic recreation management funding by \$26 million or 10% from last year and cuts trail construction by 49%. This is a lot less than the Congress provided in 2002. I understand that one of your own personal agenda items is to encourage kids to get out in the woods, something which I support.

--Don't the recreation and outdoors activities you provide contribute a sizable amount to the American economy? What is the economic impact?

**Answer:** Based on an economic analysis developed in support of the USDA Forest Service

Strategic Plan for Fiscal Years 2004-2008, overall recreation on national forests and grasslands contributes just over \$11 billion to the American economy. Most of this income benefits communities located close to the national forests and grasslands. These contributions are based on spending by visitors in connection with recreation on National Forest System lands. It is not clear whether declining recreation budgets will have a measurable effect on either visitation or visitor spending. This uncertainty is due to many of the developed recreation sites that were built 30-50 years ago that may no longer service visitor preferences and demographics that have changed; some sites no longer serve projected recreation demand, and some facilities are in poor shape and do not meet visitors' expectations. Recreation facility analysis helps each national forest align their developed recreation sites with the unique characteristics of the forest, projected recreation demand, visitor expectations, and revenue.

**Dicks Question 19(b).** Chief, What will be the impact to the public if your reduced request for recreation, trails, and recreational construction is implemented?

**Answer:** The proposed funding reduction will result in shortened seasons at some developed and dispersed recreation sites, reduced hours for visitor information services at some locations, and less wilderness rangers to provide visitor information and education in some other locations. Additionally, processing new special use permit applications would continue but at a slightly reduced rate. However, recreation resources will continue to be directed towards efforts that maximize program delivery, including strengthening partnerships which are vital to accomplishing stewardship work on the ground.

**Dicks Question 19(c).** --Chief, Where in the country will you take these reductions?

**Answer:** Funding allocations to the field are not fully determined in advance of appropriations. Those final decisions are dependent on the actual funding levels provided by Congress. However, the agency will continue to emphasize distributing funds in areas that maximize recreation delivery and address the highest priorities that provide services to the public, including those where partnerships result in improved accomplishments.

**Dicks Question 19(d).** --Are you using the recreational fees as an offset for appropriations?

**Answer:** No, recreation fees are used to match volunteer hours, grants, and other challenge cost share dollars to enhance, improve, and maintain a variety of recreation opportunities including campgrounds, trailheads and trails, visitor centers, and interpretive programs. At least 80 percent of recreation fee revenue remains at the local unit for these uses.

**Dicks Question 20(a).** The budget also cuts funding for trails construction by 49% and trail maintenance by 24%. Since so many volunteers already put in thousands of hours and millions of dollars worth of time and cash to maintain the Forest service trails, don't you feel that these cuts will have major negative impacts?

**Answer:** Within the constraints of the budget, the Forest Service will continue to leverage funds to maintain and improve its network of trails for multiple users. Partnerships and volunteers are



critical to the trails program and the agency will continue to provide staff and resources to sustain a viable partnership program for maintenance and improvement of trails.

**Dicks Question 20(b).** It seems that one of the major reasons to have national forests and grasslands is for persons to get out and hike and use the backcountry. How will recreational access be impacted by these trail budget cuts?

**Answer:** The Forest Service recreation program and specifically trails provide millions of visitors an opportunity to enjoy and experience nature. The agency will continue to work with all trail interests to provide access to National Forest System trails, and within the limits of the budget, work with its various partners to ensure that recreational access and opportunities are provided to the public.

### **Recreation Inventory**

**Dicks Question 21.** Your current inventory shows a total of 97,000 camping units but 2 years ago your inventory showed 122,000. Have you actually closed or lost over 20,000 camping units? What is going on?

**Answer:** Our current inventory (from the corporate infrastructure database) shows 121,500 total units (camp and picnic units), of which 96,700 are camp units. The combined number is frequently used to refer to a total number of recreation type units we manage. One of the results of a systematic review of each national forest's recreation infrastructure in preparation for RFA has been a more accurate inventory and classification of camping units.

**Dicks Question 22.** Similarly, your current inventory shows that you have 67,000 volunteers per year but 2 years ago this total was 78,000. This is a large reduction in volunteers. Why are people less interested in helping you out?

**Answer:** The Volunteer Program is currently undergoing significant changes in the way the agency accounts for volunteer participants. Under development is a major update to the database that will maintain and provide more accurate accounting of all volunteer participation. We value our volunteers, and are currently in the process of working with our partners to build capacity within the Volunteer Program to expand participation.

### **Visitor Numbers**

**Dicks Question 23.** Your visitation is also way down the past two years. You currently show 192 million visitors per year but 2 years ago it was 205 million. Is this a sign that things are falling apart at the Forest Service? Why is visitation down so much?

**Answer:** The Forest Service is in the final stages of refining the state of the art visitor use measurement techniques that have been worked on for almost 10 years. The lower visitation estimate is primarily due to the continued refinement and improvement of the survey, field

methods, implementation, and analysis approach that is used to estimate visitation. We believe that improvements in our techniques account for the difference, rather than an actual decline in on-the-ground visitation. Currently a team of scientists are reviewing the data collected over the last 7 years and are refining the analysis techniques that we use.

#### **Other National Forest System Programs**

**Dicks Question 24.** Your budget request has a large increase for planning even though you are calling for large reductions in staffing and activities in virtually all the other aspects of taking care of the national forests, except timber. Why is it more important to plan than to fund national forest recreation, watershed, fish and wildlife, lands, law enforcement and the like?

**Answer:** The FY 2009 President's Budget request reflects a balance of needs across all agency programs while directing available resources towards meeting long-term strategic goals. Land management plans establish the desired conditions, objectives, and strategic direction for national forests and grasslands. This direction is implemented through projects in the recreation, watershed, wildlife, fuels and forest management, range, and other programs. Without current land management plans, national forests would not be able to implement these projects. The priority for the small increase in funding over the final FY 2008 enacted is to continue work on the backlog of plan revisions that will enable units to manage the land and implement projects.

**Dicks Question 25.** What would be the impact of maintaining the planning budget at the 2008 enacted level?

**Answer:** Maintaining the planning budget at the FY 2008 level would further delay the completion of the 38 plan revisions currently underway. This would equate to an estimated reduction of \$100,000, or 20 percent, per revision unit from FY 2007 funding levels and result in a corresponding increase in the amount of time needed to complete each revision.

**Dicks Question 26.** Your budget calls for a large reduction in inventory and monitoring even though you have stated that monitoring is one of the key aspects of the new planning rule you hope to implement. How will you be able to do necessary monitoring with a 19% reduction in this one year?

**Answer:** The reduced level of funding for inventory and monitoring will necessitate a re-prioritization among the many activities funded in this program. High priority monitoring will still be accomplished in the short term. In addition, the Forest Service is working to establish integrated monitoring activities funded by other programs that will compliment the work done in Forest Plan monitoring. The agency is currently developing a consistent approach for assessing watershed conditions across the National Forest System. This information will be combined with results obtained from implementing the vegetation diversity component of the agency's Environmental Management Systems (EMS) framework to provide an integrated picture of changing conditions on the land. This assessment, coupled with other monitoring data, will assist in determining progress made towards achieving desired conditions in land management

plans and the need to change direction. This integrated approach to monitoring will support long- term efficiencies and better planning and decision-making.

**Dicks Question 27.** Why is it more important to do ecosystem assessments than do monitoring?

**Answer:** Land management plan (LMP) assessments and the acquisition of needed data, whether through monitoring or inventories, are both extremely important activities in this program. LMP development assessments include comprehensive evaluations which are required under the 2008 Planning Rule, conducted in advance of LMP revisions, and used to determine the need to change direction in a land management plan. This type of assessment uses data generated from updated or new inventories and annual monitoring; the results from various ecological, social and economic assessments; as well as new research and scientific and other appropriate information to help make this determination. The priorities for the inventory and monitoring program are to acquire the needed information and conduct the appropriate evaluations to ensure that our plans are current and projects needed to achieve the desired conditions in the plan are identified, evaluated, and implemented as appropriate.

#### **Wilderness and Wild and Scenic Rivers**

**Dicks Question 28.** Your budget calls for a 14% reduction in your management of wilderness and wild and scenic rivers. Why? What will be the impacts of these reductions?

**Answer:** The administration's FY 2009 budget request for the Wilderness and Wild and Scenic Rivers (W&WSR) program is formulated to balance different areas of necessary work, and is based on the relative priorities of all Forest Service budget line items among all Government discretionary programs within a constrained budget. This request is made with the continued goal of increasing the number of wilderness and wild and scenic rivers managed to agency standard and provide expanded opportunities for working with our partners to accomplish essential work, such as projects that connect "Kids with the Woods." Integration with other program areas will be done to ensure that the 10-Year Wilderness Challenge and the Rivers meeting statutory requirements will move toward successful completion. The W&WSR program will continue to provide critical water storage of pure, clean water in our Nation's watersheds.

**Dicks Question 29.** In the lower 48 states, what percentage of the Federal wilderness and what percentage of the Federal wild and scenic river system does the Forest Service manage? What percentage of these areas are managed to the standards you have set for them?

**Answer:** In the lower 48 states, the Forest Service manages 61 percent of the wilderness areas, in the National Wilderness Preservation System. FY 2007 reporting indicates that 67 wilderness areas, or 16.8 percent of the wilderness areas managed by the Forest Service in the lower 48 states, are currently managed to the standard of "wildernesses managed to a minimum stewardship level."

In the lower 48 States, the Forest Service manages 74.3 percent of all the rivers in the National Wild and Scenic River System. FY 2007 reporting indicates that 45 rivers, or 43.7 percent of the rivers managed by the Forest Service, are currently managed to the standard of “rivers meeting statutory requirements.”

### Travel Management

**Dicks Question 30.** Please briefly explain the costs of your travel management planning effort. How much have you spent the past two years and what is in the request for it? Why is this supported by recreation funding and not from other sources?

**Answer:** Funding provided for travel management planning is used to: (1) assemble and review existing motor vehicle travel management information; (2) inventory, analyze, and complete the requirements established by the National Environmental Policy Act for travel management decisions; (3) publish Motor Vehicle Use Maps; and (4) implement motor vehicle travel management decisions. During 2006 and 2007, the agency spent an estimated \$200,000 for national training on route designation, issuance of Forest Service manual and handbook direction, and implementation support. We estimate that an additional \$25 million per year between 2006 and 2009 will be spent on the full range of travel planning activities; although these costs are not clearly distinguishable from other program management costs and vary widely from forest to forest depending on the local situation and issues. Travel management is associated with and paid for by a number of programs, including Roads and Trails, Recreation, Heritage and Wilderness, Wildlife and Fisheries Habitat Management, and Vegetation and Watershed Management.

**Dicks Question 31.** Please provide a summary of the travel management plans completed to date.

**Answer:** As of the end of fiscal year 2007, 36 national forests, grasslands, and special management units were covered by a motor vehicle use map (MVUM):

- o Region-1 – Gallatin
- o Region-2 – Bighorn, Routt, Grand Mesa, and Uncompahgre
- o Region-3 – Black Kettle Grasslands and McLellan Grasslands
- o Region-4 - Fishlake, Uinta, Caribou
- o Region-5 - Lake Tahoe Basin Management Unit, San Bernardino
- o Region-8 - El Yunque, Cherokee, Chattahoochee, Oconee, Daniel Boone, Francis Marion, Sumter, NFs in Alabama (Conecuh, Talladega, Tuskegee, and William B. Bankhead), NFs in North Carolina (Cherokee, Croatan, Nantahala, Pisgah, and Uwharrie), Ozark, and St. Francis
- o Region-9 – Finger Lakes, Hiawatha, Hoosier, Monongahela, Ottawa, and White Mountain.

### Fish, Wildlife, and Sensitive Species Management

**Dicks Question 32.** Your budget has a very large reduction for fish, wildlife, and sensitive species management. Please explain this. Do you have any fewer responsibilities in this area? What staffing will be lost and where?

**Answer:** The administration's FY 2009 budget request for the Wildlife and Fisheries program is formulated to balance different areas of necessary work and is based on the relative priorities of all Forest Service budget line items among all Government discretionary programs within a constrained budget. Responsibilities within the fish, wildlife, and rare plant management programs have not diminished. Within this request level, the agency will ensure that laws and regulations pertaining to these resources are met. Coordination and cooperation with other Federal agencies, States, tribes, and non-governmental organizations will also continue.

The agency is currently in the process of restructuring the Washington, regional, and Northeastern Area offices and has not yet determined where staff reductions might occur. Through our Transformation effort, we expect to realize a reduction of at least 25 percent of total operating costs (reduced from FY2006 baseline) by the end of FY 2009. The agency is looking at organizational efficiencies and cost reductions, as well as opportunities under the structure to help direct maximum resources toward mission delivery, improving processes to help better serve our customers and partners; integrating the most important current and emerging issues facing the Forest Service; and meeting customer needs in carrying out our mission. Reducing total operating costs by at least 25 percent does not necessarily equate to a reduction in personnel.

**Dicks Question 33.** Your request indicates a 32% decrease in wildlife interpretation and education but at the same time, your chief has said that environmental education and getting kids out in the woods is a major theme. Please explain this apparent discrepancy. Will future environmental education not consider habitat and instead focus on commodity uses of wild lands?

**Answer:** Although the proposed funding for the fish, wildlife, and rare plants program shows a decrease, funding for environmental education is at a similar level to the FY 2008 enacted budget. The agency is planning for a robust environmental education program within the fish, wildlife, and rare plants program, particularly through the use of partnerships. Program focus is on providing children and adults the opportunity to safely view and participate in activities and programs that raise their awareness, understanding, and enjoyment of fish and wildlife and their habitats.

**Dicks Question 34.** Please provide a table which indicates the number of threatened, endangered and sensitive species you manage by major grouping.

**Answer:** Species listed under the Endangered Species Act and species that are listed as Sensitive are provided in the table below:

TAXONOMIC GROUP	Sensitive	Threatened/ Endangered
1. BRYOPHYTES	100	0
2. CONIFERS	8	0
3. FERNS/FERN ALLIES	95	3
4. FLOWERING PLANTS	1,892	161
5. FUNGI	42	0
6. LICHENS	61	1
PLANT TOTAL	2,198	165
7. AMPHIBIANS	80	12
8. BIRDS	102	28
9. FISHES	179	88
10. MAMMALS	91	36
11. REPTILES	66	9
VERTEBRATE TOTAL	518	173
12. ARACHNIDS	18	1
13. CLAMS / MOLLUSCS	196	54
14. CRUSTACEANS	60	6
15. INSECTS	213	12
16. OTHER INVERTEBRATES	47	11
INVERTEBRATE TOTAL	534	84
TOTAL	3,250	422

**Dicks Question 35.** For which federally listed species do you have specific recovery plan requirements? For which do you manage officially declared critical habitat? Please provide tables listing the species or populations involved.

**Answer:** Of the 422 listed species which occur or are potentially affected by agency management activities, 312 have recovery plans. Recovery plans do not contain requirements but do provide guidance in the form of reasonable actions that contribute to recovery. Under Forest Service manual direction, a strategy is developed to implement the Forest Service portion of recovery objectives identified in an approved recovery plan. Critical habitat on National Forest System lands are identified for 92 listed species. The following table provides specific information for species and locations.

Species	Region	Forests/Grasslands with NFS Lands Designated
<b>Region 2 Rocky Mountain</b>		
Mexican Spotted Owl *	R2	Pike - San Isabel (CO)
Prebles Meadow Jumping Mouse	R2	Pike - San Isabel (CO)
<b>Region 3 Southwest</b>		
Mexican Spotted Owl *	R3	Kaibab (AZ), Cibola (NM), Carson (NM), Santa Fe (NM), Apache-Sitgreaves (AZ), Coconino (AZ), Gila (NM), Tonto (AZ), Prescott (AZ), Coronado (AZ), and Lincoln(NM) (all NFs)
Sonora chub	R3	Coronado (AZ)
Little Colorado Spinedace	R3	Coconino (AZ)
Little Colorado Spinedace	R3	Apache-Sitgreaves (AZ)
Razorback Sucker	R3	Prescott (AZ), Coconino (AZ), Tonto (AZ)
Mountain Graham Red Squirrel	R3	Coronado (AZ)
<i>Lilaeopsis schaffneriana</i> ssp. <i>recurva</i>	R3	Coronado (AZ)
<i>Senecio franciscanus</i>	R3	Coconino (AZ)
Loach Minnow	R3	Apache-Sitgreaves (AZ), Coconino (AZ), Gila (NM), Prescott (AZ) Tonto (AZ)
Spikedace	R3	Apache-Sitgreaves (AZ), Coconino (AZ), Gila (NM), Prescott (AZ) Tonto (AZ)
Gila Chub	R3	Apache-Sitgreaves (AZ), Coconino (AZ), Coronado (AZ), Gila (NM), Prescott (AZ) Tonto (AZ)
<b>Region 4 Intermountain</b>		
Mexican Spotted Owl *	R4	Fish Lake (UT)(total national forest acres)
Snake R. Spr./Summer Chinook Salmon	R4	Payette, Boise, Sawtooth, Salmon Challis
Redfish Lake Sockeye Salmon	R4	Payette, Boise, Sawtooth, Salmon Challis
Snake River Basin Steelhead	R4	Boise, Sawtooth, Salmon Challis
<i>Astragalus montii</i>	R4	Manti-LaSal (UT)
<b>Region 5 Pacific Southwest</b>		
Arroyo Southwestern Toad	R5	Cleveland (CA)
Arroyo Southwestern Toad	R5	Angeles (CA), Los Padres (CA), San Bernardino (CA)
California Red-legged Frog	R5	Stanislaus (CA)
California Red-legged Frog	R5	Plumas and Lassen (CA)
California Red-legged Frog	R5	Los Padres (est) (CA)
California Red-legged Frog	R5	Angeles (CA)
California Condor	R5	Angeles (CA), Los Padres (CA), Sequoia (CA)

Species	Region	Forests/Grasslands with NFS Lands Designated
Coastal California Gnatcatcher	R5	San Bernardino (CA)
Owen's Tui Chub	R5	unknown (CA)
Modoc Sucker	R5	Modoc (CA)
Little Kern Golden Trout	R5	Sequoia (CA)
Santa Ana sucker (latest final rule)	R5	Angeles (CA)
Quino Checkerspot Butterfly	R5	San Bernardino (CA)
San Bernardino Kangaroo Rat	R5	San Bernardino (CA)
Bighorn Sheep (Peninsular)	R5	San Bernardino (CA)
Central Valley California Steelhead	R5	Lassen, Mendocino, Shasta-Trinity (all in CA)
Northern California Steelhead	R5	Mendocino (CA), Six Rivers (CA)
Southern Central California Coastal	R5	Los Padres (CA)
Southern California Steelhead	R5	Los Padres (CA)
Winter Run Chinook	R5	Mendocino (CA)
California Coastal Chinook Salmon	R5	Mendocino (CA), Six Rivers (CA)
Central Valley Spring Run Chinook	R5	Lassen, Mendocino, Shasta-Trinity (all in CA)
Southern Oregon/Northern California Coho Salmon	R5	Klamath, Mendocino, Shasta-Trinity, Six Rivers (all in CA)
<i>Allium munzii</i>	R5	Cleveland (CA)
<i>Astragalus albens</i>	R5	San Bernardino (CA)
<i>Brodiaea filifolia</i>	R5	Angeles, Cleveland (both in CA)
<i>Ceanothus ophiocylus</i>	R5	Cleveland (CA)
<i>Eriogonum ovalifolium</i> var. <i>vineum</i>	R5	San Bernardino (CA)
<i>Lesquerella kingii</i> ssp. <i>bernardina</i>	R5	San Bernardino (CA)
<i>Oxytheca parishii</i> var. <i>goodmaniana</i>	R5	San Bernardino (CA)
<i>Eriogonum parishii</i>	R5	San Bernardino (CA)
<i>Chlorogalum purpureum</i> var. <i>reductum</i>	R5	San Bernardino (CA)
<i>Orcuttia tenuis</i>	R5	Lassen (CA)
<i>Tuctoria greenei</i>	R5	Lassen (CA)
Region 6 Pacific Northwest		
Snake River Fall-run Chinook	R6	Columbia River Gorge, Umatilla, Wallowa-Whitman (all in OR)
Snake River Spring/Summer-run Chinook	R6	Columbia River Gorge, Umatilla, Wallowa-Whitman (all in OR)
Upper Columbia River Spring-run Chinook	R6	Columbia River Gorge (OR), Okanogan-Wenatchee (WA)
Upper Willamette River Chinook	R6	Mount Hood (OR), Willamette (OR)
Lower Columbia River Chinook	R6	Columbia River Gorge (OR), Gifford Pinchot (WA), Mount Hood (OR)
Puget Sound Chinook Salmon	R6	Mount Baker Snoqualmie (WA), Olympic (WA)
Hood Canal Summer-run Chum Salmon	R6	Olympic (WA)
Columbia River Chum Salmon	R6	Columbia River Gorge (OR)
S. Oregon/N. California Coast Coho Salmon	R6	Rogue River-Siskiyou (OR)
Snake River Basin Sockeye	R6	Columbia River Gorge, Wallowa-Whitman (both in OR)
Upper Columbia River Steelhead	R6	Columbia River Gorge (OR), Okanogan-Wenatchee (WA)
Snake River Basin Steelhead	R6	Columbia River Gorge, Umatilla, Wallowa-Whitman (all in OR)
Lower Columbia River Steelhead	R6	Columbia River Gorge (OR), Gifford Pinchot (WA), Mount Hood (OR)



Species	Region	Forests/Grasslands with NFS Lands Designated
Middle Columbia River Steelhead	R6	Columbia River Gorge (OR), Malheur (OR), Mount Hood (OR), Ochocho (OR), Umatilla (OR), Okanogan-Wenatchee (WA), Umatilla (OR)
Upper Willamette River Steelhead	R6	Willamette (OR)
Northern Spotted Owl	R6	Columbia River Gorge, Deschutes Fremont-Winema, Gifford Pinchot, Mount Baker - Snoqualmie, Mount Hood, Okanogan-Wenatchee (WA), Olympic, Rogue--Siskiyou, Siuslaw, Umpqua, Willamette
Marbled Murrelet	R6	Gifford Pinchot (WA), Mount Baker Snoqualmie (WA), Olympic (WA), Rogue River-Siskiyou (OR), Siuslaw (OR)
Western Snowy Plover	R6	Siuslaw (OR)
Oregon Silverspot Butterfly	R6	Siuslaw (OR)
<i>Sidalcea oregana</i> var. <i>calva</i>	R6	Wenatchee (WA)
<b>Region 8 Southern</b>		
Conasauga Loggerch	R8	Chattahoochee-Oconee (GA), Cherokee (TN)
Amber darter	R8	Cherokee (TN)
Smoky Madtom	R8	Cherokee (TN)
Yellowfin Madtom	R8	Cherokee (TN), George Washington-Jefferson (VA)
Spotfin Chub	R8	George Washington-Jefferson (VA), North Carolina (NC)
Slender Chub	R8	George Washington-Jefferson (VA)
Gulf Sturgeon	R8	Apalachicola (FL)
Leopard Darter	R8	Ouachita (AR)
Fine-lined pocketbook	R8	Cherokee (TN)
Orange-nacre mucket	R8	Alabama (AL)
Alabama Moccasinshell	R8	Cherokee (TN)
Coosa moccasinshell	R8	Cherokee (TN)
Ovate clubshell	R8	Cherokee (TN)
Southern clubshell	R8	Cherokee (TN)
Dark pigtoe	R8	Alabama (AL)
Southern pigtoe	R8	Cherokee (TN)
Triangular kidneyshell	R8	Cherokee (TN)
Southern acornshell	R8	Cherokee (TN)
Upland combshell	R8	Cherokee (TN)
Cumberland elktoe	R8	George Washington-Jefferson (VA)
Oyster mussel	R8	George Washington-Jefferson (VA)
Cumberlandian combshell	R8	George Washington-Jefferson (VA)
Purple bean	R8	George Washington-Jefferson (VA)
Rough rabbitsfoot	R8	George Washington-Jefferson (VA)
Purple bankclimber	R8	Apalachicola (FL)
Fat threeridge	R8	Apalachicola (FL)
<i>Hudsonia montana</i>	R8	Pisgah (NC)
<b>Region 9 Northern</b>		
Piping Plover	R9	Huron-Manistee (est.) (MI)
Piping Plover	R9	Hiawatha (est.) (MI)
Virginia Big-eared Bat	R9	Monongahela (WV)
92 Species Total		

Species	Region	Forests/Grasslands with NFS Lands Designated
Vacated Critical Habitat (CH)		
Southwestern Willow Flycatcher	R3	CH set aside by 10th Circuit Court 5/11/01
Loach minnow	R3	Court vacated CH 8/31/04
Spikedace	R3	Court vacated CH 8/31/04

### Volunteers

**Dicks Question 36.** It appears that your recreation, trails and fish and wildlife programs receive about the most volunteer support. Please explain what types of activities volunteers support.

**Answer:** Volunteers, as individuals or as members of non-governmental organizations that are in partnership with a national forest or grassland, provide invaluable assistance to the recreation, fish, wildlife, and rare plants programs. Volunteers contribute significantly to the management of heritage resources, interpretative services, trail maintenance, youth programs, and campground management. For example, the trails program leverages thousands of hours of trail work from volunteers and youth organizations to operate, maintain, and construct hundreds of miles of trail each year. Volunteers also aid in monitoring fish, wildlife, and rare plant species; sponsor and participate in youth-oriented events that engage children in outdoor activities such as kids-fishing-days; and improve habitat for numerous game and non-game species such as quail, elk, wild turkey, songbirds, trout, and salmon. In FY 2007, an estimated \$41.8 million worth of work was contributed in the recreation and heritage programs and over 3,000 volunteer/partnership projects were completed within the fish, wildlife, and rare plants programs.

**Dicks Question 37.** It seems that the largest budget cuts in your FY 2009 request are for those functions which have the most public interest, as expressed by volunteerism. Why? Why do you not get more volunteers for programs like forest management and grazing management?

**Answer:** Partnerships and volunteers are critical to many program areas, and the agency will continue to provide staff and resources to sustain a viable volunteer program and leverage funds.

It is difficult to get volunteers to achieve forest and range management objectives. The nature of the outputs associated with the Forest Products and Grazing Management programs (such as timber harvest or grazing allotment NEPA analysis) do not lend themselves to accomplishment through volunteer efforts. It is also difficult to recognize the contribution of volunteers in forest management and grazing management. Many volunteer groups and organizations are associated with recreation or wildlife program areas, and while the results of their volunteerism benefit forest products or grazing, the reason they volunteer is for recreation or wildlife purposes. For example, a fly fishing club volunteers to work with a forest fisheries biologist to accomplish fish habitat improvement. While in the field this group may also volunteer their time to work with a grazing permittee to conduct grazing use monitoring, their entire volunteer time is recorded as an accomplishment to the Fisheries Management program.

### Invasive Species Management

**Dicks Question 38.** Your budget request also has a large decrease for watershed and managing noxious and invasive plants. To what extent does the Forest Service consider invasives a problem for the NFS? What work will not be accomplished with the decreasing support for your invasive program?

**Answer:** The Forest Services continues to identify invasive species as one of the four major threats impacting forest and rangeland health. The FY 2009 proposed program will continue to implement the National Strategy and Implementation Plan for Invasive Species Management launched in October 2004.

Like most programs managed by the agency, it is difficult to identify specific work that will not be accomplished by the proposed invasive plants and noxious weed program level. The administration's FY 2009 budget proposal is formulated to balance different areas of necessary work, and is based on the relative priorities of all Forest Service budget line items among all Government discretionary programs within a constrained budget. The budget proposal continues to direct the available resources toward meeting long-term invasive species management objectives through an integrated approach involving a wide range of program areas and leveraging these program funds through partnerships with States, counties, private land owners and other interested organizations and individuals.

#### Funding and Accomplishments:

Budget Line Item (e.g., Forest Health Management)	(\$ in thousands)		
	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres. Budget
Funding	\$35,000	\$34,000	\$33,300
Unified Target (e.g., Target Acres Treated)	N/A	192,000	149,000
Actual Accomplishment (e.g., Actual Acres Treated)	216,000	N/A	N/A

FY 2009 funding reflects a focus on highly effective treatment of high priority acres. While total acres treated are projected to decrease, the effectiveness of these treatments is expected to increase to about 80 percent.

### Minerals and Geology Management

**Dicks Question 39.** Similarly, your minerals and geology management program has large cuts in all sub-activities. Will you have fewer mines to monitor and deal with or will you merely not do the mine compliance work which is required?

**Answer:** The administration's FY 2009 budget request for the Minerals and Geology Management Program is formulated to balance different areas of necessary work, and is based on

the relative priorities of all Forest Service budget line items among all Government discretionary programs within a constrained budget. It is not anticipated that there will be fewer mines to monitor in FY 2009. Priority will be given to administration of existing operations first, and then to administering new mineral operations.

**Dicks Question 40(a).** The Department of the Interior budget requests have sizable increases for mineral application processing but your budget has a large decrease. Why is there such a difference between the departments?

**Answer:** Each Department evaluates individual program needs in the context of its overall responsibilities and develops a budget for each program based on workload, staffing, complexity of issues, and other programs competing for finite funds. The management responsibilities for the Department of the Interior are not the same as for the Forest Service, making a direct comparison difficult. For example, in the Department of the Interior, Bureau of Land Management is responsible for issuing leases and approving applications for permits to drill for oil and gas operations on Forest Service and BLM lands. In contrast, the Forest Service has the responsibility to only evaluate and manage surface impacts associated with oil and gas operations on National Forest System lands.

**Dicks Question 40(b).** Are Forest Service lands getting less interest for oil and gas than BLM lands?

**Answer:** We defer to the Department of the Interior regarding lands under their jurisdiction. Lands administered by the Forest Service in some places are experiencing significant increases in exploration and development of oil and gas resources.

### **Landownership Management**

**Dicks Question 41.** The landownership management program deals with a large number of public uses of NFS lands but your budget request has major cuts for all aspects of this program. To what extent have you had funding to accomplish all the requested work in lands during FY 2007? What services will be delayed or halted due to this large decrease? Will the failure of the Forest Service to work on land use authorization halt legal activities by the public and industry, or will the activities occur anyway, but absent federal involvement?

**Answer:** During FY 2007, planned levels of accomplishment were met mainly due to the completion of some ongoing (multi-year) land exchange cases and from hurricane assistance funds provided to the Southern Region for extensive boundary line maintenance activities.

For FY 2009, the President's Budget request for Landownership Management continues to direct available resources towards fulfillment of critical boundary needs, as part of our long-term strategic goals of providing increased support to vegetative treatments and to meeting the requirements of the Energy Policy Act. Proposed funding reduction will reduce resources available to address backlogs in boundary maintenance and special use authorizations generated

by other land and resource management needs. Some delays in completion of land exchange cases and resolution of title claims are also likely to occur.

The Budget reflects Forest Service implementation of procedures to recover the cost of administering requests for land use authorizations for the use of National Forest System lands and improve the availability of funds. These collections will increase available resources. As collections become available, the agency will be able to allocate appropriate resources to evaluate and properly authorize requested land uses. Without the proper authorizations and necessary environmental evaluations in place, requested public or industry use of National Forest System lands cannot occur.

**Law Enforcement**

**Dicks Question 42:** We keep hearing that there are substantial law enforcement challenges for the Forest Service. Please provide summary tables indicating for FY 2006 and 2007 some of your main crime and law enforcement statistics, including illegal drug seizures and meth lab closures.

**Answer:** Forest Service Law Enforcement and Investigations (LEI) reported a total of 190,450 incidents and violations in FY 06 and a total of 152,836 in FY 07 <sup>(1)</sup>. Some of the different types of law enforcement violations reported include the following:

(1) Statistics are still being compiled for FY 07.

	FY 06	FY 07
Occupancy and use of NFS lands	85,974	64,842
Forest roads/trails	20,551	20,087
Off-highway vehicles	19,172	15,652
Sanitation	13,146	10,460
Fire related (2)	11,236	8,826
Alcohol	5,698	5,551
Timber	4,435	3,537
Fish and wildlife	3,824	3,567
Drug possession/use	3,465	3,362
Government property	2,684	4,661
General forest products	2,212	1,840
Drug production/distribution	1,478	1,007
Wilderness	3,321	1,659
Violation of state law	1,498	2,916

(2) Includes 381 incidents of wildland arson in FY 06 and 514 incidents of wildland arson in FY 07.

**Summary of Significant Drug Activity**

Marijuana Plants Eradicated	1,201,732	2,050,789
Processed Cannabis Seized (lbs)	5,375	3,426
Methamphetamine Labs/Dump Sites (3)	72	25
Methamphetamine Seized (grams)	3,158	4,097
Other Drugs Seized (grams) (4)	2,104	24,586
Firearms Seized	227	256
Arrests (5)	478	481

(3) Some of the reduction in methamphetamine labs and dumps sites from FY 06 to FY 07 can be attributed to new state laws prohibiting open sales of specific precursors, aggressive successful prosecutions, and significant sentences.

(4) Approximately 14,000 grams of cocaine seized in one incident after the Forest Service provided narcotics detection dog assistance to Arizona Highway Patrol on a vehicle stop located on a state highway traversing NFS lands.

(5) Includes 299 felony arrests in FY 07 and 290 felony arrests in FY 06.

**Dicks Question 43.** You are asking for nearly a 15% reduction in law enforcement funding. What areas of the nation, or what kinds of activities, will you halt? How many enforcement officers or investigators will have to be let go? The budget indicates a loss of 47 FTE's. What will be the cost of eliminating these positions or moving staff around to backfill critical positions that may become open due to attrition?

**Answer:** The President's budget funds law enforcement at \$115 million, approximately equal to the FY 2007 level. This level of funding will support approximately 739 FTEs. The President's Budget will:

- Emphasize hiring in high-priority critical locations
- Manage program through personnel attrition
- Increase supervisor to employee ratio to ensure highest possible field presence
- Emphasize a more mobile workforce and detail (temporary duty assignments) officers to emerging issues.

The budget continues overall training and provides for mandatory certification training, provides for acquisition of priority equipment purchases, and maintains cooperative law enforcement agreements back at the FY 2007 level.

Any reduction in law enforcement officers would be accomplished through attrition. Funding at the proposed FY 2009 level will not require reduction below the annual attrition rate of law enforcement officers. Under the proposed budget, the agency will focus on critical law enforcement activities such as:

- Responding to public safety, and protection of employees and resources
- Addressing marijuana production on national forest lands in California and preventing the spread to other national forests throughout the country.
- Increasing presence on the Coronado National Forest to protect the public, employees, and the environment on the Southwest border from illegal trafficking of illegal immigrants, drugs, and other contraband into the US.
- Emphasizing crime prevention and detection by continuing to improve working relationships and partnerships with other Federal, State, and local agencies involved in reduction of marijuana production, border issues, and resource protection.

#### **Challenge Cost Share Program**

**Dicks Question 44.** The challenge cost share program used to be an important way for the Forest Service to partner and improve habitats and recreational opportunities. Why don't you ask for funding for it separately as do the other land management bureaus funded by the Interior and Environment bill?

**Answer:** The Challenge Cost Share Program is an important way for us to work with our partners to accomplish various projects and the Forest Service enters into Challenge Cost Share arrangements that span a variety of budget line items. However, it would be difficult to request funding for it separately due to the fact that we do not track Challenge Cost Share arrangements

as a separate activity within each budget line item, as this would add unnecessary complexity to the budget process. Nor do we establish a separate budget line item for Challenge Cost Share arrangements because it would result in a budget line item that mixes a wide variety of functions, which would not yield useful data.

**Dicks Question 45.** Please provide a summary table of the challenge cost share funding and projects by program area for FY 2007, and anticipated for FY 2008 and under the FY 2009 request.

**Answer:** Please see the response on the following page.



CHALLENGE COST SHARE AGREEMENTS  
*Estimated Funding by Budget Line Item*  
(\$ in thousands)

	FY 2007			FY 2008			FY 2009		
	Forest Service Contribution	Partner Contribution	Total Value	Forest Service Contribution	Partner Contribution	Total Value	Forest Service Contribution	Partner Contribution**	Total Value
Forest and Rangeland Research	\$ 1,748	\$ 462	\$ 2,210	\$ 1,782	\$ 471	\$ 2,253	\$ 1,721	\$ 472	\$ 2,193
State and Private Forestry	\$ 2,584	\$ 1,641	\$ 4,225	\$ 2,426	\$ 1,540	\$ 3,966	\$ 1,061	\$ 685	\$ 1,746
Land Management Planning	\$ 450	\$ 4	\$ 454	\$ 381	\$ 3	\$ 384	\$ 431	\$ 8	\$ 439
Inventory and Monitoring	\$ 1,552	\$ 459	\$ 2,011	\$ 1,551	\$ 459	\$ 2,010	\$ 1,432	\$ 438	\$ 1,870
Recreation, Wilderness, Heritage Mgt	\$ 3,091	\$ 5,101	\$ 8,192	\$ 3,137	\$ 5,177	\$ 8,313	\$ 2,972	\$ 4,935	\$ 7,907
Wildlife and Fish Habitat Mgt	\$ 2,763	\$ 5,427	\$ 8,190	\$ 2,776	\$ 5,454	\$ 8,230	\$ 2,590	\$ 5,114	\$ 7,705
Grazing Management	\$ 178	\$ 914	\$ 1,092	\$ 179	\$ 920	\$ 1,100	\$ 184	\$ 945	\$ 1,129
Forest Products	\$ 282	\$ 15	\$ 297	\$ 285	\$ 15	\$ 300	\$ 299	\$ 19	\$ 318
Vegetation & Watershed Mgt	\$ 3,454	\$ 3,717	\$ 7,171	\$ 3,465	\$ 3,729	\$ 7,195	\$ 3,390	\$ 3,682	\$ 7,072
Minerals and Geology Mgt	\$ 262	\$ 109	\$ 371	\$ 262	\$ 109	\$ 371	\$ 232	\$ 99	\$ 330
Landownership Management	\$ 75	\$ 9	\$ 84	\$ 75	\$ 9	\$ 84	\$ 65	\$ 8	\$ 73
Job Corps	\$ 401	\$ -	\$ 401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Centennial of Service Challenge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wildland Fire Management	\$ 1,081	\$ 556	\$ 1,637	\$ 1,152	\$ 593	\$ 1,745	\$ 1,230	\$ 645	\$ 1,875
Facilities	\$ 488	\$ 188	\$ 676	\$ 457	\$ 176	\$ 632	\$ 471	\$ 186	\$ 657
Roads	\$ 1,496	\$ 1,633	\$ 3,129	\$ 1,524	\$ 1,663	\$ 3,187	\$ 1,593	\$ 1,755	\$ 3,349
Trail	\$ 3,214	\$ 4,969	\$ 8,183	\$ 3,346	\$ 5,172	\$ 8,518	\$ 2,302	\$ 3,582	\$ 5,884
Other *	\$ 670	\$ -	\$ 670	\$ 868	\$ -	\$ 868	\$ 498	\$ 5	\$ 503
<b>GRAND TOTAL</b>	<b>\$ 23,388</b>	<b>\$ 25,204</b>	<b>\$ 48,592</b>	<b>\$ 23,666</b>	<b>\$ 25,491</b>	<b>\$ 49,157</b>	<b>\$ 20,472</b>	<b>\$ 22,578</b>	<b>\$ 43,051</b>

\* Includes Other and Permanent Appropriations and Trust Funds

## Forest Legacy Program

**Dicks Question 46(a).** This budget slashes the Forest Legacy Program, which formerly was a darling of this Administration. In FY 2005 you requested \$100 million for it; this year the request is just \$12.5 million, which is a reduction of 76% from last year.

(a) What happened over at the Forest Service or with the Administration to change your view of the forest legacy program?

**Answer:** The agency maintains high regard for the accomplishments of the Forest Legacy Program. We also had to make very difficult choices in the FY 2009 budget request and reduced or eliminated programs whose needs can be served using non-Forest Service funds. The Administration's proposal for the 2008 Farm Bill explicitly includes forests, forestry, and NIPF landowners and provides new funding for the same key programs for which many cooperators receive funding from the Forest Service.

**Dicks Question 46(b).** --Has the forest legacy program made useful contributions to protect some of the Nations sensitive open space? What has been accomplished?

**Answer:** Yes. The Forest Legacy Program has helped to protect almost 1.6 million acres of important forestland and open space since 1992. To date, 47 States and territories are active in the program, with 4 more in the planning stages. Projects have protected forests and open space with multiple benefits to habitats and watersheds, recreation, and local economies. Two examples are:

-Birdsboro, Pennsylvania

In November 2007, Pennsylvania closed their first project, protecting 1,727 acres. The project is the cornerstone of a major conservation effort in the Highlands Region. The project would protect the largest undeveloped wooded parcels in the region, and would provide public recreational opportunities.

-Cedar Springs, Arizona

In January 2008, Arizona closed the State's first project protecting 350 acres of important habitat for threatened and endangered species. Through the FLP, the property will remain a working forest, and prevent development in the wildland urban interface around the Coconino National Forest.

**Dicks Question 46(c).**

--The States must cost-share the forest legacy projects. Can you tell us how much demand you had from the States this year for forest legacy project funding?

**Answer:** In FY 2009, 44 States submitted 83 projects for a total request of more than 193 million dollars, and have combined support from 585 distinct individuals and organizations. While the program requires a 25 percent non-Federal match, the FY 2009 proposed projects averages a combined 50 percent non-Federal match.

### Land Acquisition and Open Space

**Dicks Question 47(a).** Your request has zero funding for land acquisition projects. In the past the Forest Service provided important conservation of rare habitats and recreational lands. Your acquisition program used to be a very important contributor to open space protection.

--Chief, What is the National trend regarding the loss of open space, and especially, of key forest and grassland habitats and watersheds?

**Answer:** More than 10 million acres of forestland were lost to development between 1982 and 2001, with 26 million additional acres projected to be developed by 2030.

Private forests in watersheds across the Eastern United States and in parts of California and the Pacific Northwest are projected to experience the most extensive development increases. The area projected to have the most overwhelming impacts is the Southeast, considered the "wood basket" of the United States and an area of high biodiversity. Of the 15 watersheds with the greatest projected increased housing density, 9 are in the Southeast and 6 are in the Northeast.

Public forests are also affected—the National Forests on the Edge report estimates that 21 million acres of private rural lands within 10 miles of national forests and grasslands will experience substantial housing density increases by 2030. Forests most affected are located in the Southern U.S. and the Interior West.

**Dicks Question 47(b):** Do you have any idea of how many inholdings and other key properties have been identified in your forest land management plans? What is their value?

**Answer:** The vast majority of forest land and resource management plans do not identify specific parcels for acquisition. Instead, they set out resource characteristics in support of both the forest's management objectives and the national strategic plan to assist in the evaluation of willing seller acquisition opportunities as they become available. The availability of properties that meet these criteria changes frequently. Therefore, the agency does not have a national list of specific parcels identified for acquisition nor an established value.

**Dicks Question 47(c)** --If the Congress and the Administration puts off purchasing key sensitive lands, what will be the availability and cost of parcels in the future?

**Answer:** The future availability and cost of parcels is a function of the local real estate markets, and is unknown since circumstances surrounding the purchase of each parcel are unique. Where the agency has a valid option to purchase land, however, the availability and price will remain the same as long as that option continues to exist.

### Timber Sales Program

**Dicks Question 48.** Besides fire suppression, about the only part of the budget which has not been cut is your timber sales program. Please explain how this program is going and in

particular, how you will treat past commitments for the Pacific Northwest areas of President Clinton's forest plan?

**Answer:** The agency's timber sale program is a critical tool for meeting long-term forest health and desired condition objectives while providing revenue to the Treasury. The agency continues to seek opportunities to expand the use of timber sale contracts as a least-cost means to achieve multiple resource objectives such as restoring watersheds, improving forest health, improving wildlife habitat while protecting communities from wildfire, and providing forest products that benefit local communities. From FY 2001-2006, the agency was able to increase its timber sold accomplishments each year. There was some retrenchment in FY 2007, as field units focused on additional planning and short-term needs in a timber market where values were declining.

The Northwest Forest Plan (NWFP) funding proposed in the FY 2009 President's Budget will allow the agency to continue building capacity to deliver the Settlement Agreement timber volume commitment of 800 million board feet while meeting NWFP goals and objectives. The agency will continue wildlife surveys and protections applied for species requiring pre-project surveys in conformance with the 2006 District Court ruling (Northwest Ecosystem Alliance v. Mark E. Rey, District Court for the Western District of Washington, January 9, 2006). Priority watershed restoration will also continue in consultation with the U.S. Fish and Wildlife Service to support recovery of northern spotted owl populations and with the National Marine Fisheries Service for anadromous fish.

#### **Wood Product for Energy Production**

**Dicks Question 49.** You and your staff have talked about the potential for using wood products for energy production, either from burning or ethanol production. We do not see much of this going on. What are the barriers to using more of the thinned trees and understory from your fire risk reduction efforts for energy?

**Answer:** There are several barriers to using small trees (woody biomass) and understory vegetation from fire risk reduction efforts for energy. Barriers include technology, economics, and ecological constraints.

Effective use of woody biomass will require new technology for energy efficient, light-on-the-land harvesting, handling, and processing of this material. Research is under way to support efforts to use woody biomass from public and private lands. In addition, efforts are under way to develop new technologies for converting woody biomass into energy and other biobased products. For example, the Forest Service is working with other agencies to develop economically viable ligno-cellulosic conversion technology.

The material that is creating our hazardous fuels issues tends to be smaller than what has traditionally been considered merchantable, and the cost of collecting and transporting these materials typically exceed its value. As the price of fuel increases, the cost of transporting this material increases even more. The loss of the processing infrastructure (i.e., mills) in recent years

has also decreased the demand for this material and start-up costs for a new infrastructure are very high.

Additionally, many of our forest restoration and hazardous fuel reduction projects that would supply woody biomass are challenged in the courts on the basis of environmental concerns. Controversy on the amount of this material that needs to remain in the forest ecosystem, combined with the potential for appeals and litigation, complicates our ability to offer a reliable and predictable supply of woody biomass for stewardship contracts or attract long-term investors who would participate in developing solutions to overcome these barriers.

### **Competitive Sourcing**

**Dicks Question 50.** The 2008 appropriations act finally included a moratorium on Forest Service competitive sourcing because the Bush administration made such a mess of it. Can you assure the Committee that in fact no funds are being used for competitive sourcing or related activities for Forest Service Personnel, including assessments at the USDA and the OMB?

**Answer:** The Forest Service suspended all competitive sourcing and related activities immediately upon enactment of the FY 2008 Omnibus Appropriations Act. This moratorium was reinforced by a letter signed by the Chief of the Forest Service on January 14, 2008, which clearly directed all Forest Service units to suspend any such work. The agency is not aware of any competitive sourcing assessments on Forest Service personnel being conducted by USDA, OMB or any other Government entity.

### **Forest Health**

**Dicks Question 51.** Let's talk a bit about the overall forest health of the national forests and the need for vegetation treatments. Your budget request reduces funding for vegetation improvement and establishment by over 10 percent, and your forest health budget request is down 17% for federal lands and 77% for state and private lands. Tell us a bit about the amount of your forestland which ought to have tree thinning, reforestation, or other improvements?

**Answer:** Approximately 1.05 million acres of National Forest System (NFS) lands need reforestation/establishment treatments as a result of regeneration harvest activities, wildfires, mortality due to insect and disease infestations, and reforestation failure. These treatments can be a combination of planting, seeding, site preparation for natural regeneration and certification of natural regeneration without site preparation. Approximately 2.1 million acres of NFS lands are currently identified as needing some type of timber stand improvement work/forest vegetation improvement. These include release/weeding, pre-commercial thinning, pruning, and fertilization.

**Dicks Question 52.** As the Nation's preeminent professional forester, are you proud of the way you are taking care of the national forests?

**Answer:** I am extremely proud of the work of Forest Service employees in providing the highest quality stewardship and management for the 193 million acres of national forests and grasslands. Management of these natural resources requires the complex integration of many different program areas. The suite of National Forest System (NFS) programs support the planning, coordination, and implementation of activities which provide for the conservation of ecosystems while delivering public benefits/ecosystem services (e.g., unique recreational opportunities, energy for the Nation, wood products, habitat for wildlife, forage for domestic animals, and protection/improvement of soil, and water quality). These activities are managed to best meet the needs of the Nation while maintaining or improving productivity of the land and protecting the environment. These lands make up one of our Nation's most unique public land legacies and it is the dedication and resource ethic of the employees of this agency that make this possible.

#### **Reforestation and Rehabilitation**

**Dicks Question 53.** I understand that a couple million acres of national forest land burned last year. Yesterday Mark Rey said you have no rehabilitation needs which are unmet. I find that a stretch. Your budget has zero funding for the wildland fire rehabilitation budget line. All of the other budget lines for vegetation and watershed are also way down. How will you do the reforestation and other necessary rehabilitation and vegetation recovery that ought to be done after all of these fires?

**Answer:** In FY 2009, post-fire restoration and rehabilitation needs in response to wildfires will not be funded under a separate budget line item. Rather, these needs will be prioritized along with other program work and restoration needs to ensure that the highest priority needs are met using available National Forest System and Capital Improvement and Maintenance funding.

#### **Habitat and Watershed Reductions**

**Dicks Question 54.** The National Forests and grasslands include many of the greatest habitats and watersheds in the lower 48 States: over 171 million acres versus a total of 49 million acres for the National Park and the National Wildlife Refuge systems combined. I know that hunting and fishing are still big business, and that bird watching and other nature watch activities are important to many. With your requested budget cuts of 11% for wildlife and fisheries habitat and 10% reductions for watershed and invasive species work, how will you take care of this land?

**Answer:** Within the administration's requested level for FY 2009 the agency will seek to integrate programs for multiple resource benefits, leverage funds through partnerships, and invest available funds wisely and efficiently to maximize benefits to fish, wildlife, and improve health of the lands and waters within national forests and grasslands.

### Ecosystem Services Demonstration Projects

**Dicks Question 55.** I understand that your budget has something which you say is a new idea, called “Ecosystem Services Demonstration Projects” (ECS-DEP). It sounds like you are inviting outside groups to take over the management responsibility for some areas of the national forests. Don’t you already have legal authority to partner with various outside groups who may want to help your management? How would this differ from the challenge cost share arrangements which used to be successful for your fish and wildlife habitat efforts?

**Answer:** The 2009 President’s Budget does contain a proposal by which the agency can demonstrate a new approach to achieving management objectives on public lands. The proposal draws from an increasing awareness and experience on the part of the agency and partners with respect to maintaining, enhancing, and preserving the multiple benefits derived from public lands in form of ecosystem services. The opportunity is to realize through projects of common interest to local communities and other partners a means to more effectively, and cost efficiently, obtain mutual public benefits from national forests at greater scales.

The demonstration projects would not delegate or devolve National Forest management responsibility and decision making, but would be designed and implemented to be fully consistent and comply with all applicable rules, regulations, and laws. Any projects that may be carried out under ECS-DEP would still be consistent with the applicable land and resource management plan. While partners may already work with the Forest Service to accomplish projects of mutual interest, an ECS-DEP project would differ from current opportunities. The proposed new authority would permit national forests partnering entities to provide the additional means to carry out projects on National Forest System lands of benefit to both parties while capturing economies of scale. The proposed authority would also develop suites of ecosystem services measurement and monitoring tools that would provide valuable information to emerging potential private markets. New under ECS-DEP is a provision similar to the “Colorado Good Neighbor Authority” provided for in Public Law 106-291, Section 331 (a similar law was enacted in Utah, also). This provision would facilitate the timely and cost-effective accomplishment of projects at larger scale across multiple ownerships. ECS-DEP also includes a provision to demonstrate the connection between management activities and ecosystem services benefits produced as a result of the project. Projects accomplished under ECS-DEP may have similar outcomes as those conducted under related authorities, but ECS-DEP would not be, for example, subject to cost share. Only partner funds or in-kind activities would be used to accomplish the work of an ECS-DEP.

**Dicks Question 56.** The bill language proposed for ecosystem services demonstration projects (ECS-DEP) severely limits the requirement of the Forest Service to comply with the National Environmental Policy Act (NEPA). Please explain this bill language (section e) and explain why you feel this NEPA exemption is needed for your ECS-DEP initiative?

**Answer:** The proposal is fully consistent with applicable environmental laws and in no way limits Forest Service compliance with NEPA or any other applicable law or regulation. The authority reflects an objective to accomplish management activities on the landscape of mutual interest to the public at large and partnering entities. Specifically, section (e) of the proposal

does not seek to limit the requirements of the Forest Service to comply with NEPA. Nor is any exemption being sought. Rather, the proposal would allow for consideration of a single proposed action alternative and a no action alternative, consistent with NEPA. Indeed, if appropriate, additional alternatives may be considered. Consistent with current law, and because a partnering entity would by design be the sole investor in a project, this provision is intended to focus the required NEPA analysis on only the alternative(s) of interest to the entity. It can be expected that the partnering entity may be willing to invest project capital only if the project proceeds in a manner consistent with their interest. Similarly, it can be expected that the partnering entity may be willing to invest in a NEPA that looks to a decision from the agency as to the appropriateness of the project for their capital or in kind investment, and not a range of options.

**Dicks Question 57.** If the NEPA exemption bill language were granted for your ECS-DEP initiative, would the Forest Service then be able to exempt large portions of its activities from NEPA compliance if the Service claimed the activities were being done as part of an ecosystem services demonstration project?

**Answer:** The proposal would not authorize exemption of any activities from NEPA compliance.

**Dicks Question 58.** The proposed ecosystem services demonstration bill language also says that subsections (d) and (g) of section 14 of the National Forest Management Act (NFMA) shall not apply. Please provide the text of these sections and please explain what these sections of law do. Please also explain why your proposed ECS-DEP effort should not comply with these NFMA sections.

**Answer:** Section 14 of the National Forest Management Act refers to timber sales on National Forest System lands. Subsection (d) states: The Secretary of Agriculture shall advertise all sales unless he determines that extraordinary conditions exist, as defined by regulation, or that the appraised value of the sale is less than \$10,000. If, upon proper offering, no satisfactory bid is received for a sale, or the bidder fails to complete the purchase, the sale may be offered and sold without further advertisement.

Subsection (g) states: Designation, marking when necessary, and supervision of harvesting of trees, portions of trees, or forest products, shall be conducted by persons employed by the Secretary of Agriculture. Such persons shall have no personal interest in the purchase or harvest of such products and shall not be directly or indirectly in the employment of the purchaser thereof.

Similar language appears in the "Colorado Good Neighbor Authority" in Public Law 106-291, Section 331. The purpose of the language is to allow a partnering entity to carry out projects on National Forest System lands that are approved by the Secretary of Agriculture. ECS-DEP authority would not remove the responsibility from the agency from project oversight and execution. All other rules and laws that pertain to project management would remain unaltered. The opportunity under ECS-DEP is that the partnering entity may be able to realize project cost efficiencies and particular project environmental benefits.



**Dicks Question 59.** The proposed bill language for your ECS-DEP effort also says that partnering entities can sub-contract as they choose. Please explain why you are requesting this. Doesn't this subcontracting clause allow then anyone at anytime to participate in these ECS-DEP? Doesn't this subcontracting clause pretty much obviate the requirement in your proposed section (a) (2) that the partner be a State, political subdivision of a State, an Indian tribe or a non-profit?

**Answer:** No, the purpose of the proposal is to accomplish management activities of common interest, meeting mutually agreed to objectives for the agency and a partnering entity at lowest cost. Subcontracting for services would be a routine business practice that may accomplish cost efficiency for the partner and agency. Under this clause however, the partnering entity would remain a State, political subdivision of a State, an Indian tribe or a non-profit organization. That entity may subcontract with another entity to assist in project implementation, but the partnering entity would not be exempt through subcontracting from following any other applicable rules or laws that pertain to project grants or agreements. An example of a subcontractor is a consulting forester who might prepare the NEPA documentation for Forest Service approval and decision.

**Dicks Question 60.** Please explain why you are proposing section (d) of your ecosystem services demonstration projects bill language. Doesn't this language, along with the subcontracting clause, provide that any environmental work needed by the Forest Service could be done by anyone? To what extent do you need to have federal officials oversee environmental analyses, surveys or other documentation? Is this clause a way of turning over the responsibility and management of large portions of national forest and grasslands to private or public entities so long as they do not pay more than \$10 million for the opportunity?

**Answer:** The purpose of the proposal is to demonstrate a means to more effectively and efficiently accomplish management activities of significant scale and mutual benefit to national forests and neighboring communities and partners. Nothing in the proposal releases the Secretary of Agriculture from managing these national forests, not project oversight or any other responsibility. The agency still must comply with all applicable rules, regulations, and laws, and would require the same of the partnering entity. Section (d) would allow a partnering entity to conduct environmental analysis required by NEPA, including compliance with the Endangered Species Act and National Historic Preservation Act. Forest Service officials would review and, if appropriate and consistent with forest plan desired future conditions, may approve this analysis and make the final project decision. Focusing on the partners NEPA interests and allowing a partnering entity to subcontract are two ways to meet the partner's expectation, and for the partner to find a most cost-effective means to conduct a project, of interest to both the partner and American public. Neither of these provisions would in any way turn over responsibility for management of National Forest System lands to any entity outside of the U. S. Forest Service.

**Dicks Question 61.** The proposed bill language limits the payment to the Forest Service, but there is apparently no limit on the size or scope of the projects. Is there any reason why these new projects couldn't cover more than one national forest? Is there any size limit? Could they cross regional lines or could they be done in conjunction with your Federal partners, such as the BLM?

**Answer:** Being able to implement projects at an appropriate scale, be it stand, watershed, or landscape, is often very important for meeting management objectives of national forest managers. Reaching an appropriate scale can be important also to gain cost efficiency. Partnering entities will be equally concerned about the scale of demonstration projects; they must be large enough to obtain desired mutually agreed to outcomes and yet not too large to exceed agreed to budgets. The proposal seeks to optimize scale with cost by limiting the amount of money to be invested by partners and the numbers of projects. Under this proposal for ECS-DEP, it is conceivable that projects could cover portions of more than one national forest in more than one region. The proposal contains no inherent size limitation, but must be consistent with applicable land and resource management plans. Projects may (because of opportunities as seen by the partnering entity for attaining desirable scale) include Federal agencies, but the proposal does not entertain that federally appropriated funds would be used to pay for project activities.

**Dicks Question 62.** Who developed this “Ecosystem Services Demonstration Projects” (ECS-DEP) idea? Please provide a list of partners and others who helped develop this proposed bill language and provide a list of entities which support it. Has this proposal been submitted to the authorizing committees with jurisdiction? Why not?

**Answer:** Awareness of heretofore undervalued ecosystem services has been growing in academia, business, government, and environmental communities for many years. The bold experiment undertaken in 1997 by the city of New York to reveal the hidden value of clean water from the Catskill/Delaware watershed is considered by many a classic example. The city was faced with a choice between constructing a filtration plant, and repairing the largely natural filtration system that had been filtering city water all along. The city chose the watershed. The Forest Service has long engaged with partners in projects of mutual interest. The ECS-DEP budget proposal is an expansion on those partnerships to obtain additional public benefits in a cost efficient, effective manner. This proposal was developed in the Executive Branch through the regular budget formulation process and has been submitted solely as part of the President’s Fiscal Year 2009 Budget. Since it was developed during preparation of the Presidents Budget, no partners were aware of or helped develop the proposal. ECS-DEP was submitted as a budget proposal in the spirit of a pilot effort to inform emerging markets and encourage market-based conservation. Because the proposal specifically seeks authority to collect and retain offsetting collections it is properly submitted as a budgetary proposal.

### **Roadless Rule**

**Dicks Question 63.** There seems to be endless litigation about the roadless areas of the national forests. How much land is involved and where? Where does this issue and litigation stand right now and do you think it will ever be resolved?

**Answer:** The 2001 Roadless Rule initially affected approximately 58.5 million acres, or approximately 30 percent of the National Forest System lands. Inventoried roadless areas are found in 38 States and in the Commonwealth of Puerto Rico. As part of a lawsuit settlement agreement with the State of Alaska, the Forest Service issued a final rule that exempted the 9.34

million acres on the Tongass National Forest, Alaska, from the rule (68 FR 75136, December 30, 2003). Therefore, 49.2 million acres are currently affected by the rule.

The approximate roadless area acreages by State or commonwealth are as follows:

State	Acres	State	Acres
Alabama	13,000	New Hampshire	235,000
Alaska	14,779,000 <sup>1/</sup>	New Mexico	1,597,000
Arizona	1,174,000	North Carolina	172,000
Arkansas	95,000	North Dakota	266,000
California	4,416,000	Oklahoma	13,000
Colorado	4,433,000	Oregon	1,965,000
Florida	50,000	Pennsylvania	25,000
Georgia	63,000	Puerto Rico	24,000
Idaho	9,322,000	South Carolina	8,000
Illinois	11,000	South Dakota	80,000
Indiana	8,000	Tennessee	85,000
Kentucky	3,000	Texas	4,000
Louisiana	7,000	Utah	4,013,000
Maine	6,000	Vermont	25,000
Michigan	16,000	Virginia	394,000
Minnesota	62,000	Washington	2,015,000
Mississippi	3,000	West Virginia	202,000
Missouri	25,000	Wisconsin	69,000
Montana	6,397,000	Wyoming	3,257,000
Nevada	3,186,000		

1/ Includes 9,340,000 acres on the Tongass

There are two ongoing cases involving the 2005 State Petitions Rule (now pending before the Ninth Circuit Court of Appeals) and one ongoing case involving the 2001 Roadless Rule (pending before the Wyoming District Court). The 2005 State Petition Rule was an attempt to approach the issue on a different level using the assistance of both state officials and national expert advisors. Most recently, USDA's consideration of rulemaking petitions submitted under the Administrative Procedure Act has sought to marry both local and national interests with the best available site specific information.

#### **New Land Management Planning Rule**

**Dicks Question 64.** I understand that you are about to finalize new regulations governing how forest plans are done. Key features are the lack of environmental impact statements and the lack of a standard to maintain populations of fish and wildlife. Tell us about this new rule and what you see its main features are.

**Answer:** The Final Environmental Impact Statement for the 2008 Planning Rule has been prepared and made available to the public. Features of the preferred alternative include the following:

- Expands public involvement and collaboration by requiring early and frequent public dialogues in all phases of development, implementation, and monitoring of plans. Public involvement under this rule exceeds the requirements set forth under the National Environmental Policy Act.
- Allows for quicker response to changing conditions such as those brought about by climate change or catastrophic events such as wildfire or hurricanes. This can be done on a local level to best meet the immediate needs of a forest and its surrounding community.
- Ensures the protection of wildlife and other resources by providing a framework to fully comply with all resource protection laws (such as the Endangered Species Act). The requirement to ensure there is available habitat to support self-sustaining populations of fish and wildlife is located in Forest Service Directives System.
- Requires the agency to document and disclose environmental effects of a proposed forest plan using the appropriate level of analysis and documentation as required by the National Environmental Policy Act. This could be an environmental impact statement, an environmental assessment, or a Categorical exclusion, all of which require public collaboration and involvement.
- Includes requirements from the National Forest Management Act on timber management that strengthen the rule and respond to public comment.
- Explicitly includes standards as an optional plan component in response to public comment.
- Requires an Environmental Management System (EMS) to be established prior to project implementation. An EMS is a systematic approach to identifying and managing an organization's environmental obligations and issues that can complement many aspects of the NEPA review process.

#### **Forest Service Research**

**Dicks Question 65(a).** I have always been impressed with the quality of the Forest Service research branch and the practical applications developed there. Yet, the request for research, not counting Forest Inventory & Analysis, is down \$25 million or 11%.  
--Can you tell us how many FTE's and scientists would have to be eliminated?

**Answer:**

Approximately 110 FTEs will be eliminated, of which 59 are estimated to be scientists.

**Dicks Question 65(b).** Do you know how many labs or field research sites would have to close? Where?

**Answer:** We are not planning to close any laboratories; however we are planning some shifts in scientist locations to accommodate needed cost savings. Both Seattle and Raleigh may see

scientists shifted to other locations due to the cost of providing space in their current locations and/or other needed efficiencies in the constrained budget.

**Dicks Question 65(c).** I understand that you provide substantial amounts of funding for cooperative efforts with Universities. What will happen to those efforts? Where will the impact be felt first?

**Answer:** To the best of our ability we are intending to maintain and/or increase our overall extramural research as a percentage of our base appropriated program even as we endeavor to protect and build on internal capacity for long-term, continuous research in our highest priority areas. FS R&D's goal is to increase the amount of funding available to conduct extramural research to 15 percent by FY 2012. Many research units are at a level of 90+ percent of allocated funds required for salaries and uncontrollable costs. At the same time, we have managed to maintain a respectable level of external research collaboration. Reductions will occur across multiple units in multiple stations. Impacted activities include the University of California; projects with our partners in Alabama, Mississippi, North Carolina, Texas, Georgia, South Carolina, and in North Carolina; Oregon State University and the University of Washington; and Ecosystem Management Units in Arizona, Montana, Nevada, and New Mexico.

**Dicks Question 66.** The consolidated appropriations act included a \$2.5 million increase for you to jumpstart some new research efforts on global climate change. What have you done with that funding and how does it relate to your overall program efforts on this issue?

**Answer:** Of the \$2,461,000 (after rescission) for climate change, \$800,000 will be used for specific projects in at risk forests in the Western U.S. The remaining \$1,661,000 is planned for collaboratively developed projects that will promote the development of decision support tools for the climate change priorities. The development of these tools will involve field scientists and their collaborators, station directors, and national program leaders in Forest Service Research and Development. For this purpose, "tools" includes the following types of products: predictive management models; integrated assessment models; web sites and pages; risk maps; white papers; remote imagery; best practices manuals; future climate and vegetation scenarios; local pilot projects; life cycle analyses; and teaching workshops.

**Dicks Question 67.** What are the total science funding requirements of the Forest Service to address your comprehensive strategy for climate change mitigation? What level of science funding is required in 2009 to effectively take the next step toward addressing the major goals of this strategy?

**Answer:** The FY 2009 request represents a logical increment toward the agency's comprehensive climate change strategy.

**Dicks Question 68.** The Forest Inventory and Analysis (FIA) program has had considerable funding support in recent years. Please provide a 5 year table of its appropriations, and the amount of funding supplied by State and other partners.

**Answer:**

Budget History:

**FIA funding statistics for 2004-2007 and 2008 Estimate**

<b>Program Funding</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	(in millions)				
Appropriated funds					
Research	51.714	55.926	59.380	59.380	60.372
State & Private	4.989	4.958	4.588	4.588	4.516
NFS*	-	-	-	-	-
<b>Total Appropriated</b>	<b>56.653</b>	<b>60.884</b>	<b>63.968</b>	<b>63.968</b>	<b>64.888</b>
Total Partner Funding	7.479	6.379	7.034	7.500	7.500
<b>TOTAL ALL FUNDS</b>	<b>64.132</b>	<b>67.263</b>	<b>71.002</b>	<b>71.468</b>	<b>72.388</b>

\*NFS funding transferred to Research in 2004.

**Dicks Question 69.** The proposed FIA budget includes a funding level of \$62,300,000 but the State and Private Forestry component of this program has been eliminated, effectively reducing the overall program by about \$4 million from the current level. What are the impacts of this proposed reduction? What level of funding is required to have all states efficiently enrolled in the annualized inventory program associated with FIA?

**Answer:** The proposed funding level of \$62.3 million will be used to maintain FIA in 47 States; however, the number of States could be reduced. Negotiations with States about future participation do not occur until the final appropriations level is known, so a precise list of which States might opt out of the program without S&PF funding is not available.

The total funding needed for implementation in all 50 States is \$73.371 million.

**Forest Products Lab Modernization**

**Dicks Question 70.** The Congress has provided large sums for modernizing the Forest Products Lab. Please provide a summary of the funding history for these efforts, and the outyear expectations that remain, as well as a discussion of the staffing and funding required to utilize these facilities. To what extent are forest products companies contributing towards this modernization effort?

**Answer:**

Funding history for FPL modernization:

(dollars in thousands)

2004 Enacted	2005 Enacted	2006 Enacted	2007 Enacted	2008 Enacted	2009 Pres. Budget
\$494	\$1,972	\$1,990	\$15,144	\$14,766	\$15,508

FY 2004-2006 consisted of funding for Durability Test Facility and survey and design.

The FPL project consists of 3 phases:

- Phase 1: Durability and Wood Preservation research areas. *Awarded \$15,144,000 in FY 2007 and under construction.*
- Phase 2: Continue the multi-use laboratory (MUL) by constructing interior partitions and finishes for remaining research areas. *Awarded \$14,766,000 in FY 2008.*
- Phase 3: Complete MUL (storage and site work); construct Advanced Fiber Processing and Paper Products Laboratory utility upgrades; construct addition to the Fire Research Laboratory; install central HVAC in main FPL Building. *Scheduled for award in FY 2009 (\$15,508,000) and completion in the fall of 2010.*

It is anticipated that some new staff and scientists will be hired using funding from outside sources, including forest industry.

### Nanotechnology

**Dicks Question 71.** Please provide a short description of the Forest Service research efforts regarding nanotechnology, and what you plan to do with requested funds in this field in FY09 and potential for the future. To what extent do you expect to have partnerships with the forest products industry in some of your future nanotechnology research efforts?

**Answer:** Nanotechnology offers the way to capitalize on a major strategic national renewable and sustainable asset—America’s forests—and to make forest-derived materials the “Materials of Choice for the 21st Century.” Forest Service R&D has taken steps to establish a foundation in forest products nanotechnology. As a result, the Forest Service:

- Has become part of the larger Federal National Nanotechnology Initiative and participates in coordinating and planning government-wide nanotechnology R&D.
- Interacts with the U.S. forest products industry on nanotechnology applications and priorities through the American Forest and Paper Association’s Agenda 2020 Technology Alliance<sup>(1)</sup> that brings together industry, government, and academic interests and agendas.
- Developed (with industry) and disseminated a *Nanotechnology for the Forest Products Industry Vision and Technology Roadmap* ([www.nanotechforest.org](http://www.nanotechforest.org)).

In FY2009, \$5 million will be focused on developing the science and technology for isolating, characterizing, and using the novel nanoscale and nano-structured properties and architectures occurring in wood cell walls to produce new hyper-performance, nano-enabled products. Such products will be multifunctional and self-assembling while combining heretofore unachievable strength with light weight.

Forest Service R&D is partnering with industry and academia on the precompetitive science and technology as it is critical to the economical and sustainable production of new high value nano-enabled forest based materials and products. The Agenda 2020 Technology Alliance has identified high priority areas for nanotechnology that are viewed as vital to the industry.

### Northern States Research Cooperative

**Dicks Question 72.** Please provide a three year funding history table for the Northern States Research Cooperative including the amount of funding for this effort in the request. What level of funding do the cooperators bring to this effort? What is the required level of funding to meet the planned actions of the Cooperative? Please summarize its recent activities.

**Answer:**

(dollars in thousands)

Northern States Research Cooperative	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres. Budget
Total	\$2,288	\$2,166*	\$1,490

\*- includes 1.56% rescission

Since the beginning of the program in 2002, about 166 research projects at 43 institutions have been completed or are under way. Projects address a wide variety of issues associated with sustaining forest ecosystem health, including water quality and yield, soil productivity, wildlife habitat improvement, improved utilization of wood, and carbon management addressing climate change issues. All projects are awarded using a competitive, science-based process. Each of the participating States focus on specific forest science themes in addressing discovery needs.

Recent Activities include:

- The NSRC provided peer-reviewed science to help ensure the health and conservation of the Northern Forests' 26 million acres.
- Projects addressed a wide variety of issues associated with sustaining forest ecosystem health, including water quality and yield, soil productivity, wildlife habitat improvement, improved utilization of wood, and carbon management associated with climate change issues.
- Projects were awarded by a competitive, science-based process.
- The NSRC helped extend science capacity in the region.

### State and Private Forestry - Cooperative Forestry

**Dicks Question 73.** This budget request seems to really hit state and private forestry the most. There is a history of over 60 years of collaboration of your agency with the states. Why did you decide to cut these programs so much?

**Answer:** The Administration's proposal for the 2008 Farm Bill explicitly includes forests, forestry, and NIPF landowners and provides new funding for the same key programs for which many cooperators receive funding from the FS. On balance, we anticipate net funding available from the proposed programs will exceed current amounts even assuming proposed reductions. As mentioned previously, the FY 2009 budget request reflects the Administration's priorities for supporting national security efforts and sustaining economic growth. The budget focuses on the Forest Service serving as a convener of technical expertise and information rather than funding projects.



This budget request focuses on cooperative agreements for fire suppression and fuels treatments in the wildland urban interface. Forest Health Management-Federal Lands and State Fire Assistance are close to current levels to maintain investments and protection responsibilities for Federal assets. Remaining programs in S&PF are reduced significantly. In the short term, we maintain capacity to provide expertise, knowledge, and the ability to bring groups together but with a significant reduction of grants. S&PF redesign will help us focus available grant funding. In addition, focus on highest priorities will occur, regardless of funding level. State foresters and the Forest Service remain committed to a delivery approach that accomplishes targeted goals on a landscape scale.

**Dicks Question 74.** Of all these cuts, some are particularly dramatic. For instance: cooperative forest health is cut by 77%, forest stewardship is cut by 83%, and urban and community forestry is cut by 82%. Please describe in detail how these cuts will impact your state partners and communities all over.

**Answer:**

**Cooperative Forest Health:** For the Forest Health Management-Cooperative Lands budget line in the State and Private Forestry appropriation, the President's budget continues financial and technical assistance to help address the highest priority forest health issues across land ownerships. Less acres will be treated, which will impact individual State programs, but funds will be directed to the highest priorities. The proposed budget includes funding to continue financial assistance to States to help carryout forest health survey and technical assistance programs on State and private lands. The funding will be directed to the highest priorities, including on-the-ground forest insect, disease, and invasive plant detection, evaluation, and management technical assistance provided by State forest health protection specialists to non-federal resource managers and landowners. Forest insect and disease prevention and suppression projects will treat about 165,000 acres.

**Forest Stewardship Program and Urban and Community Forestry:** The proposed level of funding will retain minimal Federal staffing for program delivery. Less projects will be completed, which will have an impact on State programs; however, it may be possible to participate with other cooperative programs in a small number of landscape scale demonstration projects, including urban areas and communities, for which States could compete.

**Dicks Question 75.** If you are going to basically gut these cooperative programs, does it make any sense to leave these tiny amounts of funding in or should we just bite the bullet and discontinue the effort.

**Answer:** It does make sense to fund these programs at the proposed levels. We can offer technical assistance and focus on the highest priorities, whatever our funding level is. National assessment information, a Federal responsibility, is critical to monitoring our forests and informing investment of Federal-State partnership actions.

**Dicks Question 76.** Yesterday the head of the State forester's association made some very cogent arguments about how the cooperative fire assistance programs and the other cooperative forestry programs are vital to the Nation's ability to manage wildlands and to respond to wildfires. How do you think this federal-state partnership would be impacted if your requested budget were actually implemented?

**Answer:** The partnership is strong and will remain so. The Administration's proposal for the 2008 Farm Bill explicitly includes forests, forestry, and NIPF landowners and provides new funding for the same key programs for which many cooperators receive funding from the FS. Forest Service and National Association of State Foresters (NASF) worked to redesign the focus priorities and delivery of S&PF programs. As a result, the FY2009 budget emphasizes a competitive, focused approach to conserving working forest landscapes, protecting forests from harm, and enhancing benefits from trees and forests. In the short term, we maintain capacity to provide expertise, knowledge, and the ability to bring groups together, but with a significant reduction of grants. S&PF redesign will help us focus available grant funding. In addition, State foresters and the Forest Service remain committed to a delivery approach that accomplishes targeted goals on a landscape scale.

### Forest Health Pests

**Dicks Question 77.** Please provide a three year table (FY 2007, 2008 and 2009 request) that shows the funding allocations and acres planned to be treated for the major forest health pests. Please include difference columns between the 2009 request and the 2008 expected program funding and acres planned to be treated.

**Answer:**

#### Major Forest Insects, Diseases and Invasive Plants

Acres Treated and Funding, FY 2007 - FY 2009 President's Budget <sup>1/</sup>

Major Pest	FY 2007		FY 2008		FY 2009 PB		Change FY 2008 to 2009	
	Funding <sup>2/</sup>	Acres	Funding <sup>2/</sup>	Acres	Funding <sup>2/</sup>	Acres	Funding <sup>2/</sup>	Acres
Asian Longhorned Beetle	\$250	80	\$200	0	\$0	0	-\$200	0
Emerald Ash Borer	\$1,700	0	\$995	0	\$500	0	-\$495	0
Gypsy Moth	\$12,725	620,398	\$14,085	666,174	\$4,900	226,940	-\$9,185	-439,234
Hemlock Woolly Adelgid	\$2,500	3,337	\$2,500	291	\$600	801	-\$1,900	510
Invasive Plants	\$4,801	163,949	\$4,500	153,731	\$2,000	68,298	-\$2,500	-85,433
Oak Wilt	\$600	2,040	\$600	1,189	\$200	680	-\$400	-509
Port Orford Cedar Root Disease	\$186	0	\$186	93	\$100	50	-\$86	-43
Sirex	\$750	0	\$500	0	\$200	0	-\$300	0
Southern Pine Beetle	\$13,500	172,057	\$9,031	84,284	\$3,500	44,607	-\$5,531	-39,677
Sudden Oak Death	\$792	735	\$1,100	81	\$100	93	-\$1,000	12
Western Bark Beetle	\$8,908	52,878	\$9,432	40,729	\$3,500	22,557	-\$5,932	-18,172
White Bark Pine	\$200	0	\$200	0	\$100	0	-\$100	0
White Pine Blister Rust	\$783	6,060	\$600	1,014	\$150	1,299	-\$450	285
Other <sup>2/</sup>	\$1,000	14,138	\$5,787	115,647	\$4,351	86,970	-\$1,436	-28,677
<b>TOTAL</b>	<b>\$48,695</b>	<b>1,035,672</b>	<b>\$49,716</b>	<b>1,063,233</b>	<b>\$20,201</b>	<b>452,295</b>	<b>-\$29,515</b>	<b>-610,938</b>

<sup>1/</sup> Funding and acres for major pests funded from Forest Health Management budget line items in the State and Private Forestry appropriation and as part of the National Fire Plan in the Wildland Fire Management appropriation.

<sup>2/</sup> Acres accomplished with funds provided for minor pests (FY 2007 - FY 2009), and anticipated accomplishments associated with allocations for which the specific target pest will be identified through a separate competitive process (FY 2008 -2009).

<sup>3/</sup> Funding in thousands of dollars.

**Dicks Question 78.** Please explain the funding history and the program for the gypsy moth, including the slow the spread program and suppression efforts.

**Answer:** The three major components of the USDA gypsy moth management strategy have been eradication, slow-the-spread, and suppression. Eradication has kept gypsy moth out of the Western and most of the Southern United States. The Slow-the-Spread (STS) program has reduced the spread rate of gypsy moth by 50 percent, along a 1,000-mile front from North Carolina to Wisconsin. The FY 2009 President's budget refocuses Forest Health Management suppression funding to more cost effective eradication and STS activities that will reduce long-term, widespread impacts to resources. The STS program has a benefit to cost ratio of 3:1, and has slowed the need for larger suppression programs in States along the advancing front.

Funding for gypsy moth research is part of the base science program for the Northern Research Station that has, over the years, enabled the development of an impressive array of tools and technology for managing the gypsy moth. The Station's research findings helped form the scientific basis for the STS program and continue to provide critical scientific support for the Program. Research is essential to STS program success as the demand for scientific information and technology changes as the gypsy moth spreads into uninfested States in the Midwest and the Lake States. The Forest Service funding history since FY 2007 is as follows:

	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres. Budget
Forest Service Funds	... Dollars in thousands ...		
R&D	1,219	1,192	742
S&PF	12,725	14,085	4,900
Slow-the-spread	8,300	8,613	4,500
Suppression	4,001	5,000	0
Eradication	424	472	400
Total Gypsy Moth	13,944	15,277	5,642

#### Bark Beetle

**Dicks Question 79.** We hear that bark beetles are causing considerable forest damage in various areas. Please describe the situation in various parts of the nation and what you are doing about it. To what extent do you expect the problem to get worse or will it run its course?

**Answer:** As with many biological systems, the trend for specific pests varies from year to year, often depending on such variables as host availability, weather, and previous pest population levels. Trends are usually cyclic in nature and often difficult to predict. Bark beetle mortality can be found throughout the Nation but is significantly more serious in the Western and Southern States.

The general trend of acres affected by western bark beetles (a complex of more than 8 beetles including mountain pine beetle), has been downward, from a high of almost 10.7 million acres of mortality in 2003 to nearly 4.8 million acres of mortality in 2006. However, preliminary data on western bark beetle mortality in 2007 is estimated to increase to over 6.1 million acres, an increase of nearly 1.3 million acres from 2006. In Regions 2, 4, 6, and 10 the acres of mortality from bark beetles has increased, while Region 1, 3, and 5 have slightly decreased from 2006 to 2007. From 1997 to 2001, western bark beetles were estimated to cause mortality of less than 2.0 million acres annually.

In the South, southern pine beetle outbreaks are at historic lows, however, there are localized "hot spots" where the beetle is reaching epidemic levels. The most recent peak was in 2002 with 13.4 million outbreak acres as compared to 3.1 million acres in 2006. Outbreak acres for 2007 are still being analyzed, but preliminary indications are an increase in outbreak areas from 2006.

The Forest Service is working in partnerships with States and other Federal agencies to reduce the threat from bark beetles and suppress populations in high priority areas. Prevention and suppression projects integrate several types of treatments including thinning to reduce the risk of infestation, and the use of the repellent verbenone in high risk areas such as campgrounds and other facilities to reduce beetle attack. For example, in Colorado, State and Private Forestry is working with the Northwest Colorado Council of Governments to implement on-the-ground projects to manage mountain pine beetles. The Rocky Mountain Research Station (R&D) has been part of the Colorado Bark Beetle Cooperative, working to develop new knowledge and tools that help guide resource managers and landowners in planning and decision-making related to bark beetle management.

Another example is the Western Bark Beetle Research Group (WBBRG), an ad hoc umbrella organization composed of scientists from the three Forest Service western research stations that fosters communication and enriches scientific interactions among Forest Service bark beetle researchers in the Western U.S. WBBRG aims to enhance responsiveness and impact of bark beetle research by emphasizing basic and application-motivated research that will improve scientific understanding and ultimately solve problems faced by diverse stakeholders. The WBBRG works closely with the Forest Service Forest Health Protection staff, States, universities, and other partners to identify western bark beetle priorities, cooperatively pursue priority research, and deliver products.

It is difficult to say if the problem will get worse. Localized severe infestation can be expected to continue. Throughout the West, if trends over the last 10 years are considered, then one would expect a continued downward trend. On the other hand, we are seeing the bark beetle moving into other areas with favorable habitat, possibly as a result of warmer winters, which do not kill off the beetle larvae.

### Sudden Oak Death

**Dicks Question 80.** What is happening with sudden oak death? How expensive is it and what control or management efforts do you have? To what extent is this a Forest Service issue or an issue for other USDA agencies? Please provide information from both the state and private and research perspectives.

**Answer:** Conducive weather conditions in the forests of California and coastal Oregon increased the activity of *Phytophthora ramorum*, and elevated the sudden oak death (SOD) mortality rate over the past few years. Since the mid 1990s, over a million oak and tanoak trees have been killed in coastal California with much of the mortality concentrated in heavily populated areas in the Bay Area. Control and management actions in California involve the USDA Forest Service and the USDA Plant Health Inspection Service (APHIS) and include removal of infected and dead trees in high-value areas to reduce fire risk and hazardous tree failures, chemical treatments to protect high-value trees, and removal of bay laurel and other hosts to reduce spread of the pathogen.

We understand Sonoma County alone anticipates spending \$600,000 this year on SOD response. An isolated infestation in southwestern Oregon is being eradicated through a cooperative effort involving USDA Forest Service and the State of Oregon at a cost to date of \$2.5 million. Eradication actions include removal of host plants, burning, and herbicide treatments to prevent stump sprouting. The Forest Service Forest Health Protection (FHP) staff is working with APHIS and State agencies in three activities. First is to monitor the distribution and impacts of this disease through aerial and ground surveys of infested areas in California and Oregon. The second activity is to detect new infestations through stream baiting to detect the pathogen in high risk areas outside the generally infested area (including oak forests in 28 States), and the third is to eradicate isolated infestations in wildlands. Forest Service Research and Development is leading a comprehensive competitive research program on SOD to develop treatments and strategies to manage the disease. USDA Agriculture Research Service is addressing management of the pathogen in nurseries. APHIS prevents international and interstate movement of infected products, and USDA Cooperative State Research, Education and Extension Service focuses on public outreach and plant diagnostic clinics. In addition to oaks, the pathogen also infects camellia, rhododendron, and many other popular ornamental plants, and has been moved throughout the United States on nursery stock. The Forest Service funding history since FY 2007 is as follows:

	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres. Budget
Forest Service Funds	... Dollars in thousands ...		
S&PF, FHP	792	1,100	100
R&D	2,488	2,459	2,072
Total	3,280	3,559	2,172

#### **Emerald Ash Borer**

**Dicks Question 81.** Please summarize what is happening with the emerald ash borer and your management and research activities. What is the proposed level of research and forest health funding for this pest in 2009. What is the required level of funding to meet the science needs to control effectively and manage this insect?

**Answer:** The emerald ash borer (EAB) has killed an estimated 20 million ash trees in southeast Michigan, Ohio, and Indiana since it was first discovered in 2002. Infestations have also been discovered in Illinois, Maryland, Pennsylvania, and West Virginia. A USDA EAB strategy is being developed, with the USDA Animal and Plant Health Inspection Service (APHIS) maintaining the lead on survey, eradication, and regulatory activities. In FY 2009, Forest Service, State and Private Forestry, Forest Health Management funding will focus on education and outreach in many geographic areas threatened by the EAB, and on integrated pest management of outlying infestations, such as in West Virginia and Pennsylvania and parts of the Upper Peninsula of Michigan. In addition, Forest Health Management funding will support the development of new technologies that will advance knowledge in biological, chemical control, bio-surveillance, survey, and host tree resistance. In FY 2009, Forest Service Northern Research Station laboratories in Michigan, Indiana, and Ohio will conduct research on improved trapping

and detection tools that facilitate early detection of EAB; systemic insecticides for protection of high value urban ash trees; biological control using parasites that attack EAB eggs and larvae; and microbial control using aerial applications of Bt (*Bacillus thuringiensis*) that targets EAB adults. Development of more effective trapping, detection, and biological control of EAB are leading to improvements in regional control and “slow the spread” programs and better protection of high value ash trees. The FY 2009 President’s Budget addresses the highest priorities in management and research on EAB.

#### **Ketchikan Wood Technology Center**

**Dicks Question 82.** Please provide a description and complete Forest Service or other USDA agency funding history for the Ketchikan Wood Technology Center (Ward Cove, AK). Is there any Forest Service funding going to the center in FY 2008 and is there any funding for this center in the FY 2009 request?

**Answer:** The Ketchikan Wood Technology Center (KWTC) is a non-profit research and development lab. KWTC was created in 2000 to assist and support an Alaska forest products industry facing declining log prices, the steady erosion of appearance lumber prices, and the closure of Alaska’s two major pulp mills. Funding earmarked in the Economic Action Program was \$748,350 in FY 2001; \$741,000 in FY 2004; \$740,000 in FY 2005 and \$394,020 in FY 2006. Forest Service research has had contracts for \$750,000 in research products since 2000. Further, Forest Products entered in contract in FY 2005, modified in FY 2006, totaling \$208,622. No FS funding will go to the Center in FY 2008 or FY 2009.

#### **State and Private Forestry Redesign**

**Dicks Question 83.** This requested slashing of the State and Private budget follows an intense year of “redesign” efforts that the Forest Service and State Foresters spent months hashing out before coming to agreement to implement beginning this fiscal year. It seems to me that it was time for the state foresters and the federal service to reevaluate the workings and goals of the program. But how would these drastic cuts affect the redesign effort?

**Answer:** The Administration’s proposal for the 2008 Farm Bill explicitly includes forests, forestry, and NIPF landowners and provides new funding for the same key programs for which many cooperators receive funding from the FS. On balance, we anticipate net funding available from the proposed programs will exceed current amounts, even assuming proposed reductions. Forest Service and National Association of State Foresters (NASF) efforts to redesign the focus priorities and delivery of S&PF programs were built for a mix of capacity and competition to serve national interests in America’s forests. The FY 2009 budget will cause us to accelerate the competitive aspects of the redesign proposal, but it will still emphasize a competitive, focused approach to conserving working forest landscapes, protecting forests from harm, and enhancing benefits from trees and forests. In the short term, we maintain capacity to provide expertise, knowledge and the ability to bring groups together, but with a significant reduction of grants. S&PF redesign will help us focus available grant funding. Focus on highest priorities will occur,

regardless of funding level. State foresters and the Forest Service remain committed to a delivery approach that accomplishes targeted goals on a landscape scale.

### **International Programs**

**Dicks Question 84(a).** You are proposing a large reduction of the international program. Why?

**Answer:** The requested level will maintain priority investments in domestic natural resource conservation issues, including invasive species, climate change, biodiversity conservation, migratory species, and in advancing U.S. policy interests. Priorities are set in conjunction with the U.S. Department of State to address the most important international issues in climate change, illegal logging, and sustainable forest management.

**Dicks Question 84(b).** How many staff will be let go and how will the Forest Service be able to work with the State Department and the US Agency for International Development's (USAID) on international needs?

**Answer:** The International Programs staff, which provides the State Department and USAID with expert technical advice and support on international forest issues, will need to reduce by about 70 percent, commensurate with the budget reduction. The remaining staff will focus with the State Department and USAID on addressing the highest priority needs.

**Dicks Question 84(c).** What ongoing work will have to be dropped under the budget requested? (Please answer what the proposed budget WILL do as well as what will not be done)

**Answer:**

- Work will be focused on the highest priority needs; however, the proposed budget for international activities will reduce Forest Service cooperation on emerging international issues, such as the impact of climate change on forests, reducing emissions from deforestation and degradation (REDD), combating illegal logging, and improving forest governance and transparency in forest products trade.
- The proposed budget will fund a program that can preserve the priority investments of the prior year including:
  - Maintaining agency awareness of sustainable forestry practices and policies around the world including training and technical assistance in these areas.
  - Maintaining agency awareness of invasive species issues that impact forest health both here and abroad.
  - Maintaining agency awareness of ongoing work on restoring habitat of U.S. migratory species. The work addresses overseas habitat conditions where many birds spend most of the year and thereby protects U.S. domestic investments in these species.



**Dicks Question 85.** Please provide some brief project summaries, by continent, of some international program efforts the past two years.

**Answer:**

North America

- The Forest Service is cooperating closely with forest agencies and other groups in Canada and Mexico to share information and assess the effects of climate change on forests (e.g., pest outbreaks, increased incidence of catastrophic fire, changes in species distributions), potential adaptation strategies to climate change, and the possible role of forests in mitigating climate change through enhanced carbon sequestration.
- For the past 2 years, the Forest Service has expanded its work on migratory species to focus on building partnerships. They serve as an effective means to address the conditions of habitat throughout North America and the Caribbean where many migratory species spend most of the year. Over the past 2 years, the program has also expanded to include butterflies and bats. The inclusion of butterflies and bats is important because many of the same habitat issues exist. For example, the Monarch butterfly is not currently endangered, but it is in serious decline. The loss of habitat on the wintering grounds and in the breeding areas is a continuing concern. Further, bats are vital to the health of ecosystems and human economies throughout North America and face increasingly jeopardized habitat conditions.

South America & Caribbean

- The Forest Service has engaged in extensive discussion with and technical support to several Federal and State land management agencies concerning forest policies, institutional development, and field practices designed to improved forest governance and promote sustainable forest management in the Brazilian Amazon. Specific activities include training in reduced-impact harvesting techniques, forest zoning and monitoring, and the impact of forest use on carbon sequestration in tropical forests. Particular attention is given to cooperation with the newly-formed Brazilian federal forest agency.
- Throughout Latin America, the Forest Service has provided technical assistance in: 1) chain of custody systems – tree marking, timber permits, and log scaling, 2) timber sale contracting and administration, contract instrument, bid and award process, and contract compliance, 3) investigation and collection of evidence for illegal logging, 4) forest inventory and monitoring remotely sensed and ground based, and 5) forest governance and participation of communities, businesses, tribes and other stakeholders.
- Over the past 2 years, Forest Service International Programs has strengthened a critical international connection that is continuing to help the conservation of the Kirtland's warbler, an endangered migratory bird whose flyway spans from northern Michigan and the surrounding region down to the Bahamas. Domestically, large

scale efforts have been taking place on Huron-Manistee National Forests with its partners. However, there had been virtually no data on conditions in the Bahamas—where the bird spends most of the year. Forest Service International Programs initiated efforts to gather research data in the Bahamas, working with partners including the Bahamas National Trust, the FS International Institute of Tropical Forestry, and the Nature Conservancy.

#### Asia / Russia

- In developing a new memorandum of understanding with Russia, the Forest Service is planning extensive cooperation on assessment of climate change impacts on temperate and boreal forests, including how to address insect outbreaks and catastrophic fires.
- The Forest Service is working with the Russians to improve watershed management on the rivers in Eastern Russia to preserve wild stocks of salmon.
- Over the past 2 years, the Forest Service has conducted training activities in Indonesia, China, and Russia on forest monitoring and combating illegal logging to reduce illegal and destructive logging, which is a precursor to deforestation and results in further loss of carbon and biodiversity.
- The Forest Service is addressing the issue of invasive species by fostering cooperation among international scientists in China, Russia, and in the U.S. Together, they are targeting those pests and diseases which have the potential to inflict the most economic damage to U.S. forests. The aim has been to develop and administer a comprehensive research program examining groups of similar forest pests. In contrast to a dispersed approach that includes work on many individual species, this program will aim at developing mitigation and control strategies of invasive insect groups at the genus or family levels.

#### Africa

- As the lead implementing agency of the Liberia Forest Initiative, the Forest Service has been assisting with the rehabilitation of the country's forest sector after 14 years of civil war. Over the past 2 years, the Forest Service has assisted the Liberian government to improve the management and transparency of its forest sector which will contribute needed tax revenue for the country and long-term employment opportunities for its citizens, while continuing to provide social and conservation benefits. Activities have included reviewing existing concession agreements; implementing transparent accounting systems for timber extraction and revenue collection activities; assessing the state and extent of Liberia's forests; and developing community-based forestry and protected area management activities.
- In the Congo Basin the Forest Service is a partner in USAID's Central African Regional Program for the Environment (CARPE). The Forest Service is assisting host country government and USAID-funded implementing non-governmental organizations in developing multiple-use, landscape scale land use planning processes

in the world's second largest tropical forest. This assistance is being delivered through targeted trainings and field activities, as well as through the development of a series of practical guides for landscape scale, protected area, community use zone, and extraction zone management planning.

- In Madagascar, the Forest Service has been providing institutional support to the Malagasy Ministry of Environment Water and Forests, in collaboration with USAID. This work has included assisting with a national forest zoning plan, development of a transparent commercial forestry permitting system, development of an information management system, and forest law enforcement.

#### Middle East

- The Forest Service has a long-standing relationship with the Jewish National Fund and its partners to protect forests and wildlife habitat in Israel. Cooperation over the past 2 years has focused on tree species selection and trials for reforestation in very arid environments, pest management in forest plantations, and habitat management in the Hula Valley of northern Israel, a critical stop-off point in bird migration from Europe and Asia to Africa.
- Over the past 2 years, the Forest Service has established a close partnership with several organizations in Jordan and Lebanon to improve forest and rangeland conservation, promote environmental education, and develop environmental tourism as a source of national and local income. These partnerships, which in some cases include cross-boundary cooperation with Israel, represent a significant expansion of Forest Service activities in the Middle East.
- For the past 2 years, cooperation with Israel and Jordan has focused on watershed management, including research on drought-resistant forage species in anticipation of further degradation of watersheds.

**Dicks Question 86.** The President is proposing large increases in funding for the State Department and the overseas activities of other departments, such as defense. Given this continuing interest in overseas American interests, why is the USDA proposing this huge reduction in its international forestry program?

**Answer:** The requested level will maintain priority investments in domestic natural resource conservation issues, including invasive species, climate change, biodiversity conservation, migratory species, and in advancing U.S. policy interests. Priorities are set in conjunction with the U.S. Department of State to address the most important international issues in climate change, illegal logging, and sustainable forest management.

**Dicks Question 87.** What is the percent reduction between your 2009 request and the enacted level for the international program? What is the corresponding value for the USDA request for the Foreign Agricultural Service?

**Answer:** Forest Service International Programs: 74%  
Foreign Agricultural Service: 90%

### **Revenue, Receipts, and Transfers**

**Dicks Question 88.** Your three year table of receipts and payments to states indicates that the timber management activity is estimated to return to the National Forest Fund \$50 million in FY 2008 and \$60 million in FY 2009. Please explain these estimates. The table also indicates that you estimate timber management receipts of \$55 million and \$45 million for the timber sale improvement (Knutson-Vandenberg Fund) and timber salvage sales, respectively. Please explain these items.

**Answer:** Compared to FY 2007, it is projected that timber revenue deposited in the National Forest Fund would rise in FY 2008 and FY 2009 as the agency continues to emphasize higher timber volume targets. There are mandatory transfers to other accounts that are made out of the National Forest Fund, so the estimated returns (as opposed to deposits) are \$40.7 million and \$49.6 million for FY 2008 and FY 2009. Because timber values are not expected to rise over the next 2 years, collections for the Knutson-Vandenberg (K-V) and Salvage Sale Funds are not expected to increase commensurately.

**Dicks Question 89.** What is the actual return of timber management receipts to the treasury for FY 2007 and estimated for 2008 and 2009? What percentage of the timber management receipts are utilized by the Forest Service for management activities?

**Answer:** The agency transferred \$32.4 million in receipts to the Treasury in FY 2007; however none of these funds were a result of FY 2007 activity (see footnote #4 on page F-3 of the FY 2009 Forest Service Budget Justification). All timber receipts earned in FY 2007 were used in the payments to States and counties, and none were returned to the Treasury. In FY 2008, the agency has made payments to States under the Secure Rural Schools and Community Self Determination Act of 2000 (P.L. 106-393, SRS Act) and therefore estimates that no receipts will be returned to the Treasury. In FY 2009 an estimated \$27 million in receipts from all resources (timber, grazing, minerals, land uses, recreation, and others) is anticipated to be transferred to the Treasury. Due to the variety of mandatory transfers and uses of National Forest Fund receipts, the amount transferred to Treasury from timber activities cannot be determined precisely, although it is estimated that in FY 2009, \$8 million could be attributed to timber activities.

Approximately 70 percent of timber sale receipts are used for management activities, including the K-V Fund, Salvage Sale Fund, Timber Sale Pipeline Restoration Fund, Roads and Trails Fund, Brush Disposal Fund, and the Forest Botanical Products Fund.

**Dicks Question 90.** The payment table (page F-3) also indicates that you expect \$74 million to be paid to states in FY 2009 due to the Act of 1908 whereas only \$6 million is estimated from this source in FY 2008. The table also shows FY 2008 payments to states from Title I & III of the Secure Rural Schools and Community Self-Determination Act are estimated at \$67 million and an additional US treasury payment in 2008 to states of \$315 million is estimated. Please

explain these differences, including the changes in payments to states from FY 2007 to 2008, and from 2008 to 2009.

**Answer:** The payment from the Act of 1908 in FY 2008 reflects the election of payment from this source by some counties. Not every eligible county chose to receive the SRS Act payment. The SRS Act, which was extended by PL 110-28 for 1 year, expired on September 30, 2007. The final payment was made in December 2007. Unless and until renewal, payments to States will be determined under the Act of 1908 (Twenty-Five Percent Fund).

The extension of the SRS Act for fiscal year 2007, stipulated that payments be made from any revenues, fees, penalties, or miscellaneous receipts described in sections 102(b)(3) and 103(b)(2) of the SRS Act, not to exceed \$100,000,000 and the payments should be made, to the maximum extent practicable, in the same amounts, for the same purposes, and in the same manner as were made to States and counties in 2006 under that Act. There was a transfer of funds from the Treasury in the amount of \$315 million which was used to cover any shortfall in agency receipts. These amounts and sources of funding are reflected in the FY 2008 payment amount.

**Dicks Question 91.** Your budget overview (page 1-8) says you will propose a temporary extension of the Secure Rural schools payment act. Please provide the legislative language. What is the impact of this language?

**Answer:** The legislative language is currently going through administrative review process and will be provided to the Congress as soon as it is available. Previously submitted language was not enacted by the Congress.

The proposal provides \$200 million above the current baseline for a 4-year extension of USDA and Department of the Interior forest country safety net payments, which will be targeted to the most affected areas, capped, adjusted downward each year, and phased out.

**Dicks Question 92.** You state that you will propose a phase-out of safety net payments. Please explain your plan, and explain why you think the safety net should be reduced over time? How does this differ from the phase-down of the spotted owl payments done during the 1990's?

**Answer:** The SRS Act provided temporary payments to counties impacted by the reduction of shared receipts associated with lower levels of timber harvesting on Federal lands. The Act expired in 2006, but Congress provided for an additional year of payments under Public Law 110-28.

The intent of the proposal is to provide sufficient funding over a 3-year period (2010-2012) to allow a transition period for States and counties to adjust their priorities and programs so that they are not dependent on funding from the Secure Rural Schools program. In total, \$200 million will be available—\$100 million paid in 2010, \$60 million paid in 2011, and \$40 million paid in 2012.

The program that was initially drafted in 2000 was a transition measure to give the counties time to adjust to the change in the economies of many of these Western States associated with the reduction of the Timber Sale Program and the increase in other activities. Seven years later, some counties have made the transition and others haven't. When the proposal was introduced 2 years ago, we stated that some additional time was appropriate to assist some local areas where the transition hadn't been completed. Consistent with the temporary nature of the payments, the Administration has consistently maintained that the transition eventually be completed.

**Dicks Question 93.** Please provide a summary table for the period 1960 to now of what the total Forest Service payments to states has been. (Year = Year of Activity for Receipts, with the payment being made in the 1<sup>st</sup> quarter of the following year from 2001-2007).

**Answer:** Table was updated in 2008 for accuracy.

Year	Payment	Year	Payment
1960	\$35,221,674.85	1986	\$262,069,200.12
1961	\$24,857,206.76	1987	\$285,314,335.79
1962	\$27,076,674.25	1988	\$317,290,246.43
1963	\$29,868,752.55	1989	\$360,933,072.08
1964	\$32,608,462.86	1990	\$344,911,733.58
1965	\$35,294,515.16	1991	\$321,527,231.25
1966	\$41,669,445.65	1992	\$322,614,112.38
1967	\$43,516,441.63	1993	\$299,743,329.86
1968	\$51,820,276.04	1994	\$307,895,742.08
1969	\$78,461,100.74	1995	\$272,215,942.06
1970	\$70,844,370.27	1996	\$254,443,452.07
1971	\$55,624,750.02	1997	\$233,017,477.47
1972	\$84,483,965.05	1998	\$227,745,517.67
1973	\$113,668,667.97	1999	\$107,860,508.21
1974	\$117,506,134.81	2000	\$192,422,210.97
1975	\$87,793,907.85	2001	363,738,406.91
1976	\$109,523,445.04	2002	357,030,001.17
1977	\$224,098,352.06	2003	365,361,714.64
1978	\$238,863,484.52	2004	370,169,797.75
1979	\$238,863,484.48	2005	380,109,918.98
1980	\$233,622,962.03	2006	385,297,604.39
1981	\$230,485,853.30	2007	389,653,767.25
1982	\$132,600,679.21		
1983	\$192,710,819.13		
1984	\$224,936,640.08		
1985	\$212,241,139.70		

**Dicks Question 94.** Please provide a table which shows, for the last year of full payments, the top 30 county payments, sorted by payment size, including the dollar amount, the State, and the

population of the county. Also indicate what percentage of the total payments these top 30 counties comprise and the total number of counties receiving payments nationally.

**Answer:** The table below shows information for the top 30 counties, receiving nearly 57 percent of the payments. In total, 679 counties receive payments.

State	County	Population	FY08 Payment	Percentage
Oregon	Lane	322,959	32,307,591	8.47%
Oregon	Douglas	100,399	20,647,586	5.41%
Oregon	Klamath	63,775	15,363,834	4.03%
Oregon	Linn	103,069	11,516,792	2.76%
Washington	Skamania	9,872	10,313,837	2.70%
California	Siskiyou	44,301	9,559,209	2.51%
Oregon	Grant	7,935	8,967,173	2.35%
California	Plumas	20,824	7,110,555	1.86%
California	Trinity	13,022	7,014,044	1.84%
Oregon	Clackamas	338,391	6,859,978	1.80%
Oregon	Jackson	181,269	6,414,397	1.68%
Alaska	Unorganized	626,932	5,986,493	1.57%
Montana	Lincoln	18,837	5,331,187	1.40%
Oregon	Lake	7,422	5,249,211	1.38%
Oregon	Lincoln	44,479	5,205,259	1.36%
Oregon	Curry	21,137	5,062,054	1.33%
Washington	Lewis	68,600	4,943,753	1.30%
Oregon	Deschutes	115,367	4,580,706	1.20%
Idaho	Idaho	15,511	4,541,146	1.19%
California	El Dorado	156,299	4,167,178	1.09%
Arizona	Coconino	116,320	4,075,325	1.07%
Oregon	Marion	284,834	4,004,669	1.05%
Oregon	Harney	7,609	3,913,346	1.03%
California	Lassen	33,828	3,848,876	1.01%
California	Shasta	163,256	3,827,882	1.00%
Idaho	Shoshone	13,771	3,727,551	0.98%
Washington	Yakima	222,581	3,515,848	0.92%
Oregon	Crook	19,182	3,449,318	0.90%
California	Modoc	9,449	3,067,592	0.80%
Oregon	Josephine	75,726	3,056,521	0.80%

Population is from the 2000 US Census.

#### Alaska Fish and Wildlife Management for Subsistence Uses

**Dicks Question 95.** Your budget request provides zero for the Alaska subsistence management program. Please provide a 10 year table of the funding history of this program. For those years where there was no direct appropriation, please estimate the cost to the Forest Service of managing this program. Why are you eliminating funding for it this year? Has something changed in law or policy in Alaska to make this effort superfluous? What will be the impact of eliminating this program? Is the U.S. Fish and Wildlife Service also eliminating support for this effort? Why doesn't the state of Alaska take care of these fish and wildlife management costs?

**Answer:** The 1980 Alaska National Interest Lands Conservation Act (ANILCA) Title VIII provides rural Alaskan residents a subsistence priority to harvest fish and wildlife on Federal lands over sport and commercial uses. Originally it was envisioned that the State of Alaska would manage this priority, which it did until 1990, when the Alaska Supreme Court found the statute in direct conflict with the State Constitution, which prohibits granting a preference to one specific segment of Alaska's residents. As a result, the Federal Government assumed responsibility for subsistence management on Federal public lands in 1990, and, as a result of court ruling, expanded its responsibility to federally reserved navigable waters in Alaska in 1999. There are no current efforts in the State of Alaska to modify the constitution to provide for the requirements of ANILCA Title VIII.

The agency budget proposal does not include a specific funding request for this program. Responsibilities under ANILCA will continue at a similar level of management using other Forest Service funds. The U.S. Fish and Wildlife Service funding is expected to remain stable between FY 2008 and FY 2009. Their funding is primarily embedded within their refuges and fisheries funding, not as a separate appropriation. The following chart displays recent funding history for Forest Service implementation of ANILCA responsibilities.

Fiscal Year	Funding level
2008	\$4,974,000
2007	\$5,009,000
2006	\$4,975,000
2005	\$5,879,000
2004	\$5,467,000
2003	\$5,506,000
2002	\$5,488,000
2001	\$5,488,000
2000	\$3,000,000
1999	\$1,000,000 (estimate)

#### **Alaska Redcedar General Provision- Section 411 of FY 2008 Act**

**Dicks 96.** Your budget request eliminates the section concerning Alaska timber sales of redcedar and other items. Why are you recommending this deletion?

**Answer:** The Forest Service recommends elimination of this section because it unnecessarily restricts the agency's discretion for appraising western redcedar. Section 411 states "No timber sale in Region 10 shall be advertised if the indicated rate is deficit when appraised using a residual value approach that assigns domestic Alaska values for western redcedar." However, approximately 90 percent of the redcedar volume harvested in Region 10 on an annual basis has been shipped to the contiguous 48 States for processing, with corresponding higher rates paid to timber sale purchasers. Allowing for appraisal of redcedar at other than Alaska domestic processing rates will improve sale economics and result in fewer sales appraising "deficit" under the residual value appraisal process. Dropping the requirement for not offering any timber sale which appraises deficit will bring Region 10 into consistency with the rest of the National Forest



System where deficit sales are not advertised “unless requested by industry.” This would allow industry to closely evaluate the planned offerings and make their own judgment about a particular sale’s profitability.

**Dicks Question 97.** Please explain what the direct effect of this bill language has been the past three years.

**Answer:** Alaska red cedar values based on domestic Alaska processing have been depressed during this period and consequently appraised sale values have been low, and in some cases deficit. The agency has modified sale offerings to improve sale economics, often resulting in significant volume reductions between planned and final offerings and less volume under contract to purchasers. In some instances, planned sale offerings could not be made “positive” resulting in lost investment by the agency in NEPA planning and sale preparation, often resulting in additional costs associated with appeals or litigation.

**Dicks Question 98.** To what extent does the section 411 bill language require you to appraise timber using a residual value approach? Please explain this approach and describe its use in other areas of the Nation.

**Answer:** Section 411 requires that sales in Alaska use the residual appraisal system. This system is based upon collecting cost data from timber sale purchases and using this data to determine average costs. When there are few purchasers, as in Alaska, it is difficult to develop a range of costs and to keep cost data confidential. The rest of the country uses a Transaction Evidence Appraisal system which looks at the historic sales within a specified market area.

**Dicks 99.** What is the impact of the language in section 411 that says that program accomplishments shall be based on volume sold?

**Answer:** The language is consistent with current national direction regarding timber sale program accomplishments.

**Dicks Question 100.** In each of the past three years, and projected for FY 2008, how much Alaskan western redcedar was actually sold to domestic processors in the contiguous 48 States?

**Answer:** Alaskan western redcedar sold or projected between fiscal years 2005 and 2008 to domestic processors in the contiguous 48 States is as follows:

Fiscal Year	MMBF
2005	3.9
2006	2.5
2007	0.7 <sup>1/</sup>
2008	3.0 <sup>2/</sup>

<sup>1/</sup> Estimated, not all data has been received from purchasers

<sup>2/</sup> Projected

**Dicks Question 101.** How have you (in FY 2006, FY 2007 and in FY 2008) determined the amount of western redcedar which is surplus to the needs of domestic processors in Alaska?

What companies (and where) are the domestic processors of this wood in Alaska?

**Answer:** Surplus western redcedar is determined by adding the total volume sold from the previous four quarters plus the sale to be advertised and then dividing by the Tongass Land Management Plan's allowable sale quantity (ASQ).

Domestic processors of the western redcedar in Alaska are as follows:

- Large companies (produce more than 10 MMBF annually of all species)  
Seley Ltd.-Ketchikan  
Viking Lumber-Klawock
- Small companies (produce less than 2 MMBF annually of all species)  
Rick Cabe, Thorne Bay  
Thuja Plicata, Thorne Bay  
H&L Salvage, Thorne Bay  
North Star Cedar, Thorne Bay  
Keith Dahl, Thorne Bay  
Last Chance Enterprise, Thorne Bay  
Porter Lumber, Thorne Bay  
W.R. Jones, Craig  
Brent Cole, Craig  
Icy Straits Lumber, Hoonah  
Timber Wolf, Wrangell  
Mike Allen, Wrangell  
Southeast Alaska Wood Products, Petersburg

**Dicks Question 102.** For FY 2006, 2007 and anticipated in 2008, how much western redcedar volume from Alaskan national forests was exported to foreign markets? For these 3 years, how much was sent to the lower 48?

**Answer:** Alaskan western redcedar exported to foreign markets and the lower 48 markets for fiscal years 2006 through 2008 is as follows:

Fiscal Year	Foreign (mmbf)	Lower 48 (mmbf)
2006	0.8	2.5
2007	0.1 <sup>1/</sup>	0.7 <sup>1/</sup>
2008	0.1 <sup>2/</sup>	3.0 <sup>2/</sup>

<sup>1/</sup> Estimated, not all data has been received from purchasers

<sup>2/</sup> Projected

### Alaska Yellow Cedar

**Dicks Question 103.** How much Alaska yellow cedar has been exported from region 10 in FY 2006, 2007 and anticipated in 2008?

**Answer:** Alaskan western yellow cedar exported from Region 10 in fiscal years 2006 through 2008 is as follows:

Fiscal Year	MMBF
2006	0.5
2007	2.9 <sup>1/</sup>
2008	2.0 <sup>2/</sup>

<sup>1/</sup> Estimated, not all data has been received from purchasers

<sup>2/</sup> Projected

### Other New Bill Language and Proposed Law Amendments Proposed

**Dicks Question 104.** Your budget proposes 4 new general provisions, sections 415-418. For each of these proposals, please give a description of its impact. Where you are proposing to amend existing law, please provide the existing law with the proposed additions in italics and the proposed deletions in brackets.

**Answer:**

SEC. 415.

This proposed general provision permanently rescinds \$5 million of unobligated balances in the National Forest System account and returns the funds to Treasury. Specific impacts are currently unknown. In general, \$5 million in carryover funding will not be available for distribution.

SEC. 416. Section 330 of Public Law 106-291 (114 Stat. 996), as amended by section 428 of Public Law 109-54 (119 Stat. 555-556), is further amended by striking "2008" and inserting in lieu thereof "2011".

Service First provides legal authority for the FS, NPS, FWS, and BLM to carry out shared or joint management activities to achieve mutually beneficial resource management goals. Authority has been used primarily for collocating offices, shared management, and single points of contact for resource programs. Benefits of Service First partnerships include reducing costs by pooling human resources and property costs, eliminating redundant efforts, and leveraging employee skills and expertise across land management boundaries. The proposed language would extend all existing "Service First" program authorities until 2011, currently set to expire in 2008. These include joint permitting and leasing, sharing of resources, transfers, and reimbursements.

SEC. 417. Title V, Section 503 of the Forest Service Realignment and Enhancement Act, 2005, Public Law 109-54, 119 Stat. 559-563; 16 U.S.C. 580d note, is amended in subsection (f) by striking "2008" and inserting in lieu thereof "2011".

This program authorizes the Forest Service to convey unneeded administrative sites and retain the proceeds for building maintenance, rehabilitation, and construction. These funds will help the agency reduce the deferred maintenance backlog for facilities, creating incentives to dispose of unneeded facilities. A discussion, including plans and results is in the Budget Justification starting on page 13-9. The proposed language would extend existing authority until 2011, currently set to expire in 2008.

SEC. 418. Title III, Section 325, of the Department of the Interior and Related Agencies Appropriations Act, 2004, Public Law 108-108, 117 Stat. 1307; is amended by striking “fiscal years 2004-2008” and inserting in lieu thereof “fiscal year 2009”.

This provision authorizes the Secretaries of the Interior and Agriculture to reissue a grazing permit that expires, is transferred, or waived during fiscal years 2004 - 2008. The terms and conditions of the permit or lease will continue until such time as the Secretary of the Interior or Secretary of Agriculture, as appropriate, completes processing of such permit or lease in compliance with all applicable laws and regulations, including environmental analyses (NEPA). Proposed language would extend existing authority until 2009, currently set to expire in 2008.

#### National Forest Foundation

**Dicks Question 105.** Your budget request reduces the funding for the national forest foundation sharply, but allows a \$200,000 increase for administrative expenses. Please provide a rationale for these changes and provide a 10 year table of appropriations for this foundation, including the administrative expenses allowed.

**Answer:** The President’s reduced request for National Forest Foundation (NFF) funding reflects the overall reduction in the agency’s budget. Similar to prior years, the language limits the Foundation’s administrative expenses paid for by Federal funds to a pre-established amount, proposed at \$200,000 for FY 2009. This is not an increase of \$200,000. The table below reflects the FY 2009 President’s Budget proposed funding for the NFF and last 9 years of enacted levels included in the appropriation language for the NFF.

Fiscal Year	Maximum NFF Budget	Administrative Expenses Limitation <sup>1,2</sup>	Enacted Rescissions (%)
2009 Pres. Budget	\$2,000,000	\$200,000	--
2008	\$2,953,200	--	1.56
2007	\$2,955,860	\$295,580	Cont. Resolution
2006	\$2,955,860	\$295,580	0.476 and 1.0
2005	\$3,254,150	\$345,130	.594 and 0.80
2004	\$2,963,030	\$345,680	0.646 and 0.59
2003	\$2,980,500	\$397,400	0.65
2002	\$2,250,000	\$400,000	none
2001	\$2,245,050	\$399,120	0.22
2000	\$2,241,450	\$398,480	0.38

<sup>1</sup>Amounts include enacted rescissions.

<sup>2</sup>Administrative expenses limitation is included in the maximum NFF budget.

*Pursuant to section 405(b) and 410(b) of Public Law 101-593, of the funds available to the Forest Service, [\$3,000,000] up to \$2,000,000 may be advanced in a lump sum to the National Forest Foundation to aid conservation partnership projects in support of the Forest Service mission, without regard to when the Foundation incurs expenses, for administrative expenses or projects on or benefiting National Forest System lands or related to Forest Service programs: Provided, That of the Federal funds made available to the Foundation, no more than \$200,000 shall be available for administrative expenses: Provided further, That the Foundation shall obtain, by the end of the period of Federal financial assistance, private contributions to match on at least one-for-one basis funds made available by the Forest Service: Provided further, That the Foundation may transfer Federal funds to Federal or a non-Federal recipient for a project at the same rate that the recipient has obtained the non-Federal matching funds: Provided further, That authorized investments of Federal funds held by the Foundation may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.*

### **Fire Suppression Budget Reform**

**Dicks Question 106.** Yesterday we heard different persons talk of changing the way fire suppression is funded. Tell us about some of the options you have discussed, like partitioning off the funding needed for large, extreme wildfire events and funding it like we do the FEMA disaster assistance fund or USDA disaster assistance?

**Answer:** Two recent bills have highlighted alternatives for budgeting wildfire suppression. Policy analysis for each of these needs to be examined relative to the implications on the Federal budget and potential offsets for increased mandatory spending. The Administration has not submitted any proposal to change the method for budgeting for fire suppression and, consistent with the current and previous Administration's policy and historical practice, the Departments will continue to budget for fire suppression costs using the 10-year average. This approach is also consistent with the way other Federal agencies, including those in the Department of Agriculture and the Department of Homeland Security, budget for disasters and emergencies where future costs cannot be predicted.

### **Preparedness Funding**

**Dicks Question 107.** I still do not understand how you can cut the preparedness funding by \$77 million without real pain and major program losses. Are you proposing to merely shift some preparedness expenses to the suppression account?

**Answer:** Some preparedness expenses such as exclusive use aviation contracts, whose primary purpose is direct incident support, will be funded with suppression. This realignment, combined with more efficient alignment of fire program leadership and support positions through the agency's Transformation process and other efficiency analyses will allow the agency to maintain readiness capability. Please reference the detailed description below from the budget request:

*"The requested decrease in funds reflects reduced costs due to efficiency efforts that the agency has been implementing including: use of Predictive Services to analyze fire season potential to strategically deploy*

*firefighting resources; use of risk-informed, performance-based fire suppression strategies; development and deployment of web based decision support tools at the incident and landscape scale (e.g., Wildland Fire Decision Support System (WFDSS) prototyped in FY 2007 and Fire Program Analysis (FPA) scheduled for release in FY 2008); development and integration of information technology applications (Resource Order and Status System - ROSS, I-SUITE, etc.); centralization of aviation assets; use of exclusive-use aviation contracts; and realignment of leadership and support positions where appropriate through the agency's Transformation process".*

### **Wildfire FTEs and Resources**

**Dicks Question 108.** Your budget justification on page E-2 shows a reduction in wildfire FTE's of 591 --yet your write up suggests that you will keep the same number of firefighters on staff. Given the continuing need for professional, trained, and well equipped firefighters, how will we be sure that adequate personnel and equipment will be available despite your meager budget requests?

**Answer:** The reduction in FTEs will be offset by more efficient alignment of fire program leadership and support positions identified through the agency's Transformation process and other efficiency analyses. The agency is committed to maintaining readiness capability comparable to FY 2008 and will, as needed, increase capability through additional hires or contracting.

**Dicks Question 109.** Aren't costs going up? The preparedness budget request is actually \$30 million below what it was 8 years ago, and there has been a lot of inflation in that time. How are you going to keep fire resources in field?

**Answer:** Yes, costs are increasing. Operational and management efficiencies and the realignment of costs for aviation resources used primarily for incident support within the Wildland Fire Management Appropriation from preparedness to suppression will allow the agency to maintain resource and readiness capability.

**Dicks Question 110.** A large portion of the emergency incident firefighting teams are agency employees who have other natural resource jobs the rest of the year. With all of your competitive sourcing and major program cutbacks, how will you be able to maintain support for these experienced professionals who make the wildfire program work during emergencies?

**Answer:** Procedures are in place to ensure the potential impacts to agency firefighting and emergency response capabilities are considered as part of all management studies. Outside of the agency's official fire organization, incident response qualifications are commonly tied to an individual person rather than to specific position. Individuals who make up the "militia" frequently move between job series and locations and are tracked in an incident qualifications database. A formal strategy for assessing the cumulative effect of competitive sourcing competitions on the agency's response capabilities will be implemented prior to announcement of any new competitive sourcing competitions but cannot be developed until after the spending moratorium is lifted.

### Move Forest Service to Department of the Interior

**Dicks Question 111.** Given a trend of overall constrained budgets for the agency and the continuing costs of emergency wildfires coming right out of core agency funding, it seems that something needs to be changed. The Forest Service has so much work which closely involves the BLM and other Interior bureaus. You certainly have not fared well these past few years at the USDA. What do you think the advantages and barriers would be to moving the Forest Service back to the Department of the Interior?

**Answer:** There are valid reasons behind the Forest Service being an agency of the USDA. Similar to the Natural Resources Conservation Service (NRCS), the connection we have with private landowners through the work we do is well supported by the USDA mission—*providing leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management*. However, the Forest Service mission—to *sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations*—is not completely aligned with that of the DOI—to *protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian Tribes and our commitments to island communities*. Beyond NRCS, the Forest Service complements other USDA agencies. For instance, Research and Development staffs within the Forest Service and Animal and Plant Health Inspection Service are very connected. Furthermore, the current organizational structure is working well toward the achievement of our agency strategic plan goals and objectives.

Mission alignment and costs will need to be carefully analyzed.

### Service First

**Dicks Question 112.** Please provide a list of all your “Service First” projects including the units and bureaus involved, the number of employees, the acreage of units, and other key features. How many more of these did you add in fiscal years 2006, in 2007, and what do you anticipate for 2008 and 2009? Are there barriers to establishing more of these units?

**Answer:** Because the authority spans all functions and resource areas of four federal agencies—Forest Service, Bureau of Land Management (BLM), National Park Service (NPS), and U. S. Fish and Wildlife Service (FWS)—and can occur at all levels for any employee, it is difficult to assess the number of projects, programs, and employees affected or involved in Service First partnership authority. The agencies recognize this difficulty and future plans include creating a method to assess the efficiency and effectiveness of the Service First authority.

Specific projects, programs, and activities can range widely in scope and scale—from national initiatives such as interagency fire agreements, to regional projects such as the Southern Nevada Agency Partnership in the Las Vegas basin area, to jointly financing individual employees, such as sharing a safety officer between a BLM and Forest Service unit in northwestern Washington or the example of all four agencies supporting a pool of land surveyors to complete work in California.

Two Forest Service and BLM units that now operate as completely integrated units are the San Juan Public Lands Center in Durango, CO and the San Luis Valley Public Lands Center in Monte Vista, CO. The BLM and Forest Service employees work on the entire land base, accomplishing both the Forest Service and BLM targets, under the jurisdiction of each center. The leadership of the centers is dual delegated, which means that one person serves as the forest supervisor and BLM center manager and the same with district rangers and BLM field office managers. These staffs have dual delegation and are responsible for making decisions on both BLM and Forest Service lands.

The agencies and bureaus predict the use of this partnership authority will increase in the coming years since interagency partnership and cooperation is an effective way of managing our public lands.

There are several barriers toward greater use and efficiencies under Service First. Currently, there is a legal barrier to joint permitting for grazing and special uses, joint planning, and other joint projects: i.e., the inability under the current authority to apply the lead agency's authorities to lands under the jurisdiction of another agency. For collocation issues, there is a lack of available properties to lease in many places. In addition, short-term leases, while having a lower initial cost, over time cost more than long-term leases, so collocating requires higher up-front budgeting for acquisition of these capital assets.

#### **Funding Allocation**

**Dicks Question 113.** Please provide a table showing, for the most recent year in which data are available, funding amounts within each appropriation, mandatory, or trust fund account which were not distributed by formulas (in either statute or regulation) or through competitive processes open to all eligible applicants. In addition, please provide clear tables which show the types and amounts of funds which were provided under special contracting authorities provided by either the appropriations act or which were in general provisions which were included originally in appropriations acts.

**Answer:** Contrary to using formulas (in either statute or regulation), the Forest Service uses a discretionary approach for appropriated funds, in which funds are allocated by program to the various geographic areas using internal criteria. In addition, a number of State & Private Forestry funds are further distributed by competitive processes as noted below. Of the funds allocated, data from the Federal Procurement Data System (FPDS) indicates \$955,320,759 in Forest Service funding was spent in FY 2007 on procurements through competitive processes open to all eligible applicants. Information regarding funding sources for these procurements is not readily available at the national level.

The Forest Service does not have any way of tracking numbers of contracts and dollar amounts awarded under special contracting authority provided in general provisions.



## FY 2008 S&amp;PF Funds - Competitive Projects

Program	Funding	Purposes
Forest Legacy	\$54,021,000	\$54,021,000 (includes \$7,500,000 in prior year funds)
Urban Forestry	\$4,512,000	\$1,000,000 NUFAC Grants, \$3,512,000 S&PF Redesign
Forest Stewardship	\$3,759,000	S&PF Redesign
State Fire Assistance (S&PF)	\$3,760,000	S&PF Redesign
State Fire Assistance (NFP)	\$23,885,000	\$19,307,000 for planning and implementation of hazard mitigation projects, \$4,578,000 S&PF Redesign
Federal Forest Health (SPF)	\$641,000	\$71,000 Pesticide Impact Assessment Projects, \$132,000 Special Technology Development Projects, \$438,000 Forest Health Monitoring (FHM) Evaluation Monitoring
Federal Forest Health (NFP)	\$287,000	FHM Evaluation Monitoring
Coop Forest Health (SPF)	\$5,534,000	\$90,000 Pesticide Impact Assessment Projects, \$421,000 Special Technology Development Projects, \$262,000 FHM Evaluation Monitoring, \$4,761,000 S&PF Redesign
Coop Forest Health (NFP)	\$1,467,000	\$199,000 FHM Evaluation Monitoring, \$1,268,000 S&PF Redesign
Total	\$97,866,000	

**Questions for the Record**  
**Representative James P. Moran**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

#### **Land and Water Conservation Fund**

**Moran Question 1.** Last week, Secretary Kempthorne acknowledged that habitat loss was the leading cause of declines in common birds. I believe it is also the leading cause of species loss for candidates on the Endangered Species list. Given this overwhelming need and public demand to protect greenspace and preserve habitat for threatened and endangered species, can you explain why the administration is taking the request for LWCF down to nearly zero?

**Answer:** The 193 million acres of the National Forest System serves as habitat for a wide range of birds, including threatened and endangered species. Maintaining the integrity of the NFS land base is critical to sustaining bird populations. The FY 2009 Budget realigns Forest Service spending to reinforce the agency's commitment to caring for the 193 million acres of national forests and grasslands, particularly maintaining program levels in recreation, forest products, and vegetation and watershed management. The FY 2009 Forest Service budget focuses resources on maximizing effectiveness of core national forest and grassland programs and reflects the administration's priorities for supporting national security efforts and sustaining economic growth. At the same time, the administration's proposal for the 2008 Farm Bill explicitly includes forests, forestry, and non-industrial private forest (NIPF) landowners and provides new funding for the same key programs many cooperators receive funding for from the Forest Service. These programs will also benefit bird populations in the United States.

#### **Land Acquisition Projects**

**Moran Question 2.** Can you please submit to the subcommittee a list of all the needed backlogged land acquisition projects for the Forest Service, including the total amount of funding needed to address these projects?

**Answer:** The agency does not have a national list of identified land acquisition projects in backlog nor an established value. The vast majority of the agency's forest land and resource management plans do not identify specific parcels for acquisition. Instead, they set out resource characteristics in support of both the forest's management objectives and the national strategic plan to assist in the evaluation of willing seller acquisition opportunities as they become available.

### Research and Development

**Moran Question 3.** In what ways has Forest Service research led to lower management costs of the National Forest System, for the timber industry? Have you ever attempted to quantify these savings?

**Answer:** Forest Service research in stand management, productivity, growth prediction, and operations has provided the foundation of the information on which the modern U.S. forest industry is built—across the South, North, Lake States, Rocky Mountain, and Pacific West. Much of the early work in silviculture research, stand management research, and growth and yield was initiated and executed by Forest Service scientists. These research results have been and continue to be widely applied, adapted, and extended to reduce costs, increase forest productivity and health, and improve market options for public land management, forest industry, and small non-industrial private landowners. Those efforts have led to much broader collaborative efforts with university and industry scientists over the years, but the foundation and much of the work originated with Forest Service scientists and they continue to provide significant leadership and science development in critical areas such as sustainable production. Some examples of cost-lowering research products for NFS and industry are the following:

- The Douglas-fir breeding cooperative in the PNW was first developed by USFS R&D along with other cooperators. USFS R&D has played (and continues to play) supportive roles in all the southern breeding cooperatives as well.
- Innovative methods for reducing wood size to small fibers and incorporating into the soil has reduced some NFS fuel treatment costs by 30-50 percent.
- Finding uses for invasive species so they may be sold, thereby reducing costs of forest treatments. Uses include juniper and saltcedar in wood panels.
- Development of best techniques for optimizing the amount of softwood lumber that comes from a log - scanning is now widely used in industry.

**Moran Question 4.** Since 1999, the southern pine bark beetle has caused \$1.5 billion in standing timber losses across the South, including in Virginia. That is equivalent to the timber needed to build approximately 187,000 single family homes. Could you provide me an update on your research findings? Have these findings been helpful to industry?

**Answer:** Southern Research Station scientists continue to make progress in understanding and controlling the southern pine beetle. Recent accomplishments include the discovery of a new, antibiotic producing bacterium involved in the beetle's life cycle; testing of new devices for releasing chemicals that may repel southern pine beetle attacks; a major improvement in monitoring the beetle, and the development of computer models to help restore forests devastated by beetle attacks. This work provides additional promise for managers to have effective tools against this major pest. Research in this program continues to draw on a wide range of expertise, involving many partners at universities, State and other Federal organizations, and some private companies.

### Urban and Community Forestry

**Moran Question 5.** The USDA Forest Service has recognized the tremendous impact of rapid urbanization on the forest resource. Why then, are there deep cuts in the Urban & Community Forestry program which is addressing natural resource issues related to urbanization?

**Answer:** The FY 2009 Budget realigns Forest Service spending to reinforce the agency's commitment to caring for the 193 million acres of national forests and grasslands, particularly maintaining program levels in recreation, forest products, and vegetation and watershed management. The FY 2009 Forest Service budget focuses resources on maximizing effectiveness of core national forest and grassland programs and reflects the administration's priorities for supporting national security efforts and sustaining economic growth. At the same time, the administration's proposal for the 2008 Farm Bill explicitly includes forests, forestry, and non-industrial private forest (NIPF) landowners and provides new funding for the same key programs for which many cooperators receive funding from the Forest Service. For State and Private Forestry programs such as Urban and Community Forestry, focus will be on the highest priorities, regardless of funding level. State foresters and the Forest Service remain committed to a delivery approach that accomplishes targeted goals on a landscape scale.

### Recreation, Heritage, and Wilderness

**Moran Question 6.** I am deeply concerned that the budget would cut recreation funding by about 8 percent (\$262.6 million for '08 v. \$237 million proposed for '09). By the accounting you have provided in your justification book, you claim \$9.8 million in cost reductions and a reduction of \$21.7 million in program changes. By my math that yields a proposed budget of roughly \$231 million for recreation. But then you claim \$5.9 million in "pay and other cost changes" that you add back to these reductions for a proposed budget of \$237 million. Could you explain these savings that will offset at least some of the proposed cuts?

**Answer:** The proposed savings are a result of the agency's transformation effort currently underway to restructure the organization at the regional office and headquarters levels. This effort will allow the agency to invest a greater portion of resources toward mission delivery, maximize efficiencies and improve processes to assist the agency in serving customers and partners, and promote integration in order to address the most important current and emerging issues facing the Forest Service.

**Moran Question 7.** I would also like know why you are proposing to cut the recreation budget at a time when recreation by every forest user (hikers, bikers, birdwatchers, ATV riders) is at an all-time high, with 200 million visits to the National Forests each year? There are more than 133,000 miles of system trails within the USFS, and these trails need proper funding to ensure an enjoyable experience for American families in the great outdoors.

**Answer:** The administration's FY 2009 budget request for both the Recreation and Trails programs are formulated to balance different areas of necessary work, and are based on the relative priorities of all Forest Service budget line items among all government discretionary programs within a constrained budget. Recreation and Trails resources will continue to be directed towards efforts that maximize program delivery, including strengthening partnerships in programs such as trails, to ensure that recreational opportunities are provided to the public.

### **Forest Products**

**Moran Question 8.** I've seen many reports, including several economic analyses produced by the Forest Service that indicate the timber market now represents a tiny fraction of the overall Southeast economy, and that recreation, a growing retiree community, and fishing contribute far more. In short, considering that a tree is worth more standing than cut, why continue to spend millions of taxpayer dollars to deplete a public resource that could generate far more value left intact?

**Answer:** The Forest Products program helps to achieve a multitude of land and resource management goals and objectives that include the need to improve forest health, restore and maintain wildlife habitat, and provide forest products to meet local needs. One tool to accomplish these goals and objectives is the use of timber sales. Timber sales allow the agency to use the least-cost method by providing for the return of revenue to the Federal Government. An alternative to this approach would be to administer service contracts; however, this would result in higher costs and there would be no revenue return to the Government. In the South, the timber sale program plays a vital role in the recovery of threatened and endangered species such as the red-cockaded woodpecker and Florida scrub jay by providing critical habitat. Timber sales also reduce hazardous fuels for community wildfire protection. Following timber sales, the areas are appropriately reforested so that there is no depletion of the public resource.

Fire costs threaten to consume the majority of the Forest Service's discretionary budget, leaving them very little money to do anything else. The Forest Service's (USFS) wildland fire costs increased from 13 percent of their budget in fiscal 1991 to a staggering 48 percent projected in fiscal 2009, and experts are predicting that global climate change will only lengthen the fire season. Funding for non-fire Forest Service programs decreased 14 percent between fiscal 2002 and fiscal 2006 (adjusted for inflation). It's clear that something needs to change. In a recent report, the USDA IG recommended that the Forest Service expand its Wildland Fire Use (WFU) program to help reduce suppression costs. Moreover, from the outset, one of the primary goals of the National Fire Plan was to restore fire-adapted ecosystems, including reintroducing natural fire, to help make landscapes more fire-resilient and help protect communities. While the Forest Service is making progress in increasing the number of acres treated using WFU, this tool still needs to be used more.

### Wildland Fire Use

**Moran Question 9.** Would you agree that the USFS should allocate more funding for WFU training and implement policy changes that better incentivize WFU?

**Answer:** Yes. We agree that some changes are needed and that we need to increase our WFU management capability. To that end, senior wildland fire managers in the Forest Service and the Department of the Interior are currently working to revise guidance to allow greater flexibility in managing wildland fire use. The intent of the revision is to increase the number of unplanned ignitions managed for wildland fire use.

We are continuing our efforts to increase the availability of fire management personnel that are qualified to manage wildland fire use events. Since 2000, over 100 personnel annually have received training at the National Advanced Resource Institute which enables them to support and manage wildland fire use events. Personnel previously qualified for only suppression assignments are now becoming qualified for both suppression and wildland fire use, which has allowed traditional suppression-oriented Incident Management Teams to manage wildland fire use events. We expect to continue to upgrade individuals and management teams to increase our capability to manage either suppression or wildland fire use events.

We are making changes to our qualifications system to remove unnecessary distinctions between prescribed fire, wildland fire use, and wildfire positions. Examples include the merger of the ignition specialist and firing boss positions and the planned merger of the fire effects monitor and fire observer positions.

**Moran Question 10.** What policy incentives do you believe would be the most effective in achieving an expanded Wildland Fire Use (WFU) program?

**Answer:** The agency is working with partners on a three-phased approach to address barriers in current policy guidance that restrict application of the full spectrum of response options to unplanned wildland fires on Federal lands. These modifications, which are under review, will enhance the application of wildland fire use as they are implemented over the next 2 years by allowing fires to be managed for more than one objective.

In addition, we seek your support in recognizing that wildland fire use events which achieve long-term benefits may have unavoidable short-term negative environmental and social impacts.

**Moran Question 11.** What assurance can you provide the committee that these policies will be pursued?

**Answer:** An interagency task group has been assigned by the National Wildfire Coordinating Group to modify guidance for implementation of Federal wildland fire policy in order to reduce barriers and improve the range of management options available. These actions will support enhanced use of wildland fire use. The task group has developed recommendations and timeframes for a phased modification of the Interagency Strategy for the Implementation of Federal Wildland Fire Management Policy (2003). Federal agency heads, after consultation with

partners, are expected to agree on policy modifications this spring. Once policy modifications are finalized, the next step is to bring our internal organizations and external public and partners to a common understanding of Federal Wildland Fire Policy.

**Moran Question 12.** What can Congress do to support this initiative?

**Answer:** Because there are inherent risks associated with managing long-duration, complex wildland fire use events, the continued leadership of this Committee in reaching out to your colleagues in the Congress before and during wildland fire incidents—especially those managed under WFU principles—is essential. Your continued support for wildland firefighter access to professional personal liability insurance is beneficial. In addition, we seek your support in recognizing that wildland fire use events which achieve long-term benefits may have unavoidable short-term negative environmental and social impacts.

Last fire season, the Forest Service began implementing a new fire suppression approach (“risk-based” or “risk-informed” suppression) that recognizes that not all wildland fires need to be managed in the same way. This is an important step in the right direction, because the agency has acknowledged that full suppression attack is not always the right tactic in every situation.

#### **Fire Suppression Costs**

**Moran Question 13.** Do you think that this change in suppression response, i.e. not actively suppressing all fires but instead determining the appropriate response based on a set of risk factors, helped contain suppression costs?

**Answer:** The agency’s use of less aggressive suppression strategies (supported by decision support tools) and the prioritization of resources on incidents, or portions of incidents, where probabilities of success and values at risk were low helped contain suppression costs. These actions, combined with other efficiencies, contributed to FY 2007 suppression costs that were more than \$100 million lower compared to FY 2006, even though the size of wildfires and acres burned were greater.

**Moran Question 14.** What results did you see in the 2007 fire season? What results do you expect to see in the next five years?

**Answer:** In the fall of FY 2006, the Forest Service developed a series of management efficiencies designed to help reduce large fire costs. These management efficiencies were comprised of three categories: leadership, operations, and management.

Forest Service researchers analyzed the effects of management reforms on FY 2007 wildfire suppression cost compared to earlier years and concluded that management reforms have begun to have an impact on lowering Forest Service suppression obligations. Specifically, for fires in Western States with similar characteristics, 2007 suppression expenditures were approximately 47 percent lower than expenditures for comparable fires during the period FY 2001 through 2003.

There were significant strategic and operational changes in 2007 that contributed to the savings identified above. For example, at a strategic level, in the Northern Rockies cooperating agencies adopted a primary strategy of cost effectiveness, applying suppression resources to events where they would be effective in achieving objectives and minimizing loss as opposed to spreading resources over all incidents in the geographic area. Using this strategy, they aggressively implemented the flexibility afforded them by Federal Wildland Fire Policy.

The Forest Service and the Department of the Interior are working together to improve our ability to employ the a full spectrum of fire management responses on Federal lands (from aggressive suppression to less intensive management) commensurate with current and predicted risk, values to be protected, availability of management resources, and land management objectives. As these policies are fully implemented, we expect additional efficiencies.

**Moran Question 15.** How is the agency working to ensure that this approach is adopted throughout the agency – district, forest, regional levels?

**Answer:** A task group has been assigned by the National Wildfire Coordinating Group to modify guidance for implementation of Federal wildland fire policy in order to reduce barriers and improve the range of management options available. The task group has developed recommendations and timeframes for a phased modification of the Interagency Strategy for the Implementation of Federal Wildland Fire Management Policy (2003). Federal agency heads, after consultation with partners, are expected to agree on policy modifications this spring. Once policy modifications are finalized, the new guidelines and associated decision support tools will be field tested in 2008. Full implementation is expected in 2009 and will allow us to bring our internal organizations and external public and partners to a common understanding of Federal wildland fire policy.

**Moran Question 16.** How will the Forest Service measure success in this new suppression approach?

**Answer:** The Forest Service will consider both ecological and economic results of this approach. We are monitoring trends in burn severity through a project underway at the Remote Sensing Applications Center in cooperation with USGS Earth Resources Observation and Science. This information will allow us to recognize lightly burned areas that may be consistent with management objectives as well as more severe impacts from unplanned ignitions.

Characterizing cost savings is challenging due to the many complexities of fire suppression and the fact that we are attempting to document expenditures that did not occur. We believe this will be best characterized over time. For example, in 2007 we observed reduced total expenditures over historical, or expected, costs.

In April 2008, Forest Service researchers completed an analysis of the effects of management reforms on FY 2007 wildfire suppression cost compared to earlier years and concluded that these reforms have begun to have an impact on lowering Forest Service suppression obligations. Specifically, for fires in the Western States with similar characteristics, 2007 suppression expenditures were approximately 47 percent lower than expenditures for comparable fires during the period FY 2001 through 2003.



### State Fire Assistance

**Moran Question 17.** The fiscal 2009 budget slashes the State and Private Forestry Program, cutting it by over half – from \$262 million last year to only \$109 million proposed for fiscal 2009. Included in these cuts is a downward trend in funding for community fire protection programs. Programs like State Fire Assistance are critical in helping communities prepare for wildland fire – through firefighter training, hazardous fuels reduction on non-federal lands and community wildfire protection planning. These proactive steps are also key in reducing Federal suppression costs. However, under the President's Budget, State Fire Assistance is cut by over 25 percent, down from \$80 million last year to \$60 million proposed in fiscal 2009.

How will the Forest Service help ensure that at-risk communities are adequately prepared for the inevitable wildland fire when community assistance programs are under funded and funding for them continues to decline?

**Answer:** At-risk communities have a multitude of funding sources at their disposal which they can use to address critical needs. The Forest Service, through the State and Private Forestry redesign initiative, is working to ensure that our funds are directed to communities demonstrating the greatest urgency. Additionally, we will continue to actively promote fire prevention and mitigation efforts such as Firewise; a program that provides education and training to local leaders in developing efficient and effective mitigation actions for the wildland urban interface.

### Full Time Equivalent Reductions

**Moran Question 18.** The FS proposes cutting a total of 2,707 full-time equivalents in fiscal 2009. The largest cut made to the National Forest System programs, with an 1,183 FTE loss; Wildland Fire Management, with a 591 FTE loss; and Capital Improvement and Maintenance, with a 301 FTE loss.

Understanding that some of these will be loss due to retirement, how do you account for the rest of the losses, especially the 10% decrease within the National Forest System?

**Answer:** The Forest Service is a rapidly aging workforce. Nearly 4,500 employees were eligible for retirement in 2007 and over 6,700 more will reach eligibility over the next 5 years. Over this period, losses in total agency workforce will continue to outpace workforce gains; therefore, the agency anticipates that it will reach budgeted FTE levels mainly through attrition and transfers.

**Moran Question 19.** Will this change result in a Reduction in Force (RIF)?

**Answer:** At this time, the Forest Service does not anticipate having to implement a Reduction in Force.

**Moran Question 20.** Given that these proposed cuts in FTEs are going to result in Transfers of Station (TOS) as employees move to fill available open positions, what is the agency calculation of the potential cost (in dollars) of these moves?

**Answer:** The Forest Service is still in the planning stages of a national and regional reorganization. At this time, we cannot identify whether, where, and how much TOS will be needed to carry out the reorganization.

#### **NEPA Analysis**

**Moran Question 21:** What is the state of the agency proposal to move NEPA analysis off the national forests?

**Answer:** The agency has decided to not continue this analysis. Through organizational transformation and continued transition to the Albuquerque Service Center, the agency remains committed to increasing NEPA efficiency.

#### **Transformation**

**Moran Question 22:** The Forest Service claims that it will decrease operating costs (by 25 percent) in regional, Washington and Northeastern Area offices in the next fiscal year. Please translate that into English. Does the agency plan to close or consolidate any Regional Offices and if so, where?

**Answer:** Through our Transformation effort, we expect to realize a reduction of at least 25 percent of total operating costs (reduced from FY 2006 baseline) by the end of FY 2009. The agency is looking at organizational efficiencies and cost reductions, as well as opportunities under the structure to help direct maximum resources toward mission delivery, improving processes to help better serve our customers and partners; integrating the most important current and emerging issues facing the Forest Service; and meeting customer needs in carrying out our mission. Reducing total operating costs by at least 25 percent does not necessarily equate to a 25 percent reduction in personnel.

At this time, we do not plan to close regional offices.

**Moran Question 23:** Is the agency proposing to reduce the size of the Washington Office or merely to move WO employees to other parts of the country to continue doing their current jobs?

**Answer:** At this stage, it would be premature to speculate on the number of positions that may be affected in the Washington Office and regional offices. It is possible that some WO employees may be moved to other parts of the country if it will produce cost reductions and enhance service delivery to the public.

**Moran Question 24:** How much will all of this cost?

**Answer:** At this point and time, the total cost of this Transformation effort has yet to be determined. The agency will seriously weigh potential cost reductions against transition costs to

a new organization. Currently the agency has a Transformation Team in place assisting the agency with organizational change. This Team has an average budget of \$3 million a year for the next two fiscal years. The Team mainly consists of Forest Service employees with support from contractors.

#### **Forest Service Road System**

**Moran Question 25.** Why is the FS proposing a 66 percent increase to the maintenance of high clearance and closed roads, while decreasing the budget for maintaining passenger car roads?

**Answer:** Currently 82% of the forest road system is in maintenance level 1 and 2 (high clearance and closed) where the preponderance of deferred maintenance backlog relative to Best Management Practices occurs. Efforts to right size the roads system will require shifts in miles of road maintained for passenger cars to miles maintained for high clearance vehicles or closed. In FY 2009, funding will focus on implementing the strategy needed to have a forest road system that meets the agency needs and is sustainable and affordable in the long term. This investment will allow future budgets to be focused on passenger car roads.

**Moran Question 26.** The budget uses the term construction and improvement interchangeably. When the budget states that it will improve and reconstruct 2000 miles of roads, how many miles of new roads will be built in fiscal '09?

**Answer:** It is estimated that only 100 miles of new road will be constructed in FY 2009.

**Moran Question 27.** How many miles of roads will increase in maintenance level?

**Answer:** The overall agency strategy is to reduce the quantity of roads open to traffic and the service level of those roads to levels that provide the critical access needed with what is sustainable and affordable. Within these decreases, there will be individual roads which will be reconstructed for various reasons, such as repair of flood damage, which will result in increases in operational maintenance levels on the individual roads.

**Moran Question 28.** Why are miles being added to the National Forest System, with the ever present roads maintenance backlog only growing as a problem?

**Answer:** Reasons for adding miles to the road system include land purchases, such as the Valles Caldera National Preserve; land transfers, such as the transfer of Land Between the Lakes from the TVA to the Forest Service; land exchanges; construction of roads by cooperators in areas covered by cooperative road construction and maintenance agreements entered into under authority of 16 USC 535 when the Forest Service identifies a need to share in the new roads; abandonment of forest roads by public road authorities thereby returning jurisdiction and maintenance responsibility to the Forest Service; travel management decisions to add existing unauthorized roads, which generally serve motorized recreation purposes, to the system; and construction of new roads through timber sale or public works contracts.

**Moran Question 29.** Would you please explain why the Forest Service chose not to publish this new number if it is more statistically accurate than the old method of calculation?

**Answer:** Statistical analysis process was implemented in FY 2007 with the objective to determine deferred maintenance needs with at least 95 percent accuracy and 95 percent confidence. This process involved a random sample of 500 roads. The data was collected and entered into the database in September 2007.

In early October, the data was summarized and extended to the entire road system, resulting in a calculated national deferred maintenance need of more than the estimated \$4.1 million. We are still doing a thorough check of the data. Unidentified systematic problems involving the process, the database, the deferred maintenance data, and the underlying road inventory data were uncovered during quality assurance/quality control (QA/QC). Once problems are identified, steps will be taken to correct the data.

**Moran Question 30(a).** What is the new number?

**Answer:** Once the QA/QC is complete and the data reapplied across the entire road system, the Forest Service will have a calculated deferred maintenance need that meets the objectives of the statistical analysis (95 percent accurate and 95 percent confidence). The new number will be published in a final report.

**Moran Question 30(b).** Is it not \$8.1 billion as published in the "Forest Service's Financial Statements for fiscal years 2007 and 2006" published in December?

**Answer:** Once the final report is complete we will have the information requested. Additionally, the Forest Service is working to recategorize certain roads as stewardship assets. This will remove approximately \$5 billion of capitalized road prism from our inventory in order to better present the financial status of the agency and to reflect the programmatic change from a business-like activity to a stewardship activity in compliance with applicable accounting standards.

**Moran Question 31.** How can the FS decommission the same number of miles of roads with 22 percent less funding?

**Answer:** The agency is working to improve overall data quality and ensure that condition assessment surveys are accurate and drive management decisions regarding the construction, use, maintenance or decommissioning, and disposal of roads and other capital assets. To that end, we are working to develop and implement a strategy to prioritize road improvements that reflect investment strategies as common criteria for setting priorities in addressing the deferred maintenance backlog. Also, decommissioning can be accomplished with a variety of other funds, through other resources activities and with partners. These options are considered whenever possible as priorities are set for the annual program of work.

**Moran Question 32.** Why is the Forest Service not allocating more dollars to decommissioning roads and reducing the maintenance backlog?

**Answer:** The agency strategy is to reduce the quantity of roads open to traffic and the service levels of those roads to levels sustainable with current budgets. Properly storing roads in maintenance level 1 preserves investment in roads for future use while virtually eliminating the annual maintenance needs and risks associated with roads open to traffic.

Critical resource maintenance needs are more prevalent on open roads. While some funding is provided for decommissioning, the greatest benefit is derived by spending limited funds on open roads than it is to spend the same amount on road decommissioning. Opportunities to decommission roads will be linked to other resource activities to the extent possible, such as timber sales and land stewardship contracts.

**Moran Question 33.** What happened to the Legacy Roads and Trails program?

**Answer:** The Omnibus made existing mandatory funds available as a discretionary function. The direction in the Bill language for the work to be accomplished with this new effort is currently appropriate under existing appropriations including permanent and trust appropriations. The agency will continue this work through other existing programs in FY 2009 and beyond.

**Moran Question 34.** Congress passed the fiscal '08 appropriation bill which contains language that encourages the FS to direct timber sales funding where existing roads are available. How is the FS taking this suggestion into consideration?

**Answer:** The agency supports the need to evaluate overall timber sale costs and the need to effectively use the existing road infrastructure. However, the location of timber sales is not based on existing road location, but rather on identified resource needs with an emphasis on meeting long-term forest health and other resource objectives. Although most timber sales are located in areas that have been roaded in the past, many of these roads need to be reconstructed due to the backlog of critical road maintenance. In order to accommodate the transportation needs for the timber sale the Forest Service requires timber purchasers to reconstruct these roads rather than spending appropriated dollars for this work.

**Moran Question 35.** Doesn't this suggestion make more sense than building new roads, given existing budget constraints, a shrinking number of employees and increased backlog?

**Answer:** As much as possible, the Forest Service tries to locate timber sales in areas where multiple objectives can be achieved, which may include reduced road costs. However, the primary driver of a timber sale location is based on resource needs. For example, timber sales are often an effective tool in reducing high priority hazardous fuels concentrations. The Forest Service uses its legal authority to require users (commercial and timber purchasers) to reconstruct roads to accommodate their use, rather than spending appropriated dollars for this work.

**Questions for the Record**  
**Representative Maurice D. Hinchey**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

**Wildland Fire Management Effect on Over-all Budget**

**Hinchey Question 1.** The fire control costs in the 2009 proposed budget represent almost one-half of the Forest Service budget. What is happening to the other programs within the overall constrained budget and how is this affecting your agency's multiple missions?

**Answer:** The FY 2009 Budget reinforces the agency's commitment to caring for the 193 million acres of national forests and grasslands, maintaining some program levels, such as in recreation, forest products, and vegetation and watershed management, and reducing others. The Forest Service will focus on meeting priority needs across all mission areas. The agency is also restructuring its national and regional organizations to maximize resources available for on-the-ground mission delivery. By the end of FY 2009, the Forest Service will reduce operating costs by approximately 25 percent in the regional offices, the national headquarters, and the Northeastern Area. This will result in a higher proportion of funds going to the field and an organizational structure better equipped to meet the natural resource management challenges of the 21st century.

The Forest Service is also changing reporting rules to incorporate accomplishments achieved through integration between program areas and/or partnerships with external groups, to more effectively plan for and report its accomplishments. This change is designed to shift from a program-by-program approach to one that aligns programs and partner organizations to achieve multiple goals. By changing how accomplishments are counted, the agency hopes to change how managers plan and implement their work, increase incentives for working with partners, and ensure maximum value per dollar of Federal expenditure.

**Hinchey Question 2(a).** In 1991, about 13 percent of the Forest Service budget was in fire protection and control. Now, it is about 50 percent. Unless we can plan the budget using an "emergency contingency," the percent will continue to increase, continually crowding out other programs. In the past, the Forest Service was granted an "emergency contingency" fund by the OMB. This was approved by the Congress. Perhaps it is time to revisit this past solution. While not all fires are "emergencies," pretty solid information suggests that at least one-half of the billion dollars designated for fire suppression could legitimately be placed in an "emergency contingency" account allowing the Forest Service to reverse the shift that has taken place, especially over the past 5 years. Also, with the factors associated with severe weather, climate change, and increased development, it looks to me like many of the fires in recent years, especially in the West, fall under the category of "emergencies."

Have you proposed to OMB that we find a way to partition off the emergency portion of fire suppression? How was this received by OMB?

**Hinchey Question 2(b).** Do you agree that if we were able to partition emergency contingency funds off, then we might not be facing these draconian cuts for example, the Forest Service science program is being reduced by about \$23 million in the proposed budget and the cooperative programs of State and Private Forestry by \$173 million – 60 percent cuts?

**Answer (a and b):** The Department and agencies' discussions with OMB in the development of the President's Budget are pre-decisional and therefore privileged.

That being said, we acknowledge that funding of wildfire management is a challenging issue, and we welcome a continuing dialogue on the topic. While the factors of drought, fuels build-up in our forests, and increasing development in fire prone areas have the potential to keep the number of incidents high for some time to come, we are positive about our direction to address wildland fire suppression costs and are committed to action.

Though paying for extraordinary fire events has the potential to delay important agency work, we are addressing what is driving suppression costs before addressing how the agency pays for them. The Forest Service is adopting substantive management reforms to mitigate increased fire suppression costs. The Forest Service, Department of the Interior, and other first responders have spent significant effort and resources over the past several years to coordinate capability, improve inter-governmental communication, and employ management controls to ensure effective response. At the same time, we have increased attention to managing costs in these complex environments. These efforts are having an effect on suppression costs. For example, USDA saw a decrease of over \$100 million on suppression expenditures in 2007, compared with 2006, even though the size of wildfires and acres burned were greater.

Two recent bills have been highlighted alternatives for budgeting wildfire suppression. Policy analysis for each of these needs to be examined relative to the implications on the Federal budget and potential offsets for increased mandatory spending. The administration has not submitted any proposal to change the method for budgeting for fire suppression and consistent with the current and previous administration's policy and historical practice, the Departments will continue to budget for fire suppression costs using the 10-year average. This approach is also consistent with the way other Federal agencies, including those in the Department of Agriculture and the Department of Homeland Security, budget for disasters and emergencies where future costs cannot be predicted.

As we work together on this issue, the Forest Service and the Department of the Interior will continue to work closely to meet the challenge of rising suppression costs. A number of positive steps have been taken, including emphasizing land management decisions that affect fuel loading and resource protection, advancing integrated data management, providing clarification for master cost-sharing agreements, and developing metrics and accountability measures to evaluate managerial cost effectiveness. The agency also uses Appropriate Management Response (AMR), which provides risk-informed fire protection by introducing the concept of managing wildfire in relationship to the risk that the incident poses.

**Hinchey Question 2(c).** What are you doing to protect the other multiple missions of the Forest Service?

**Answer:** The Forest Service budget for 2009 focuses on core responsibilities, maintaining program effectiveness, and addressing on-going management challenges. Given the current budget environment, this budget aligns Forest Service spending to reinforce the agency's commitment to caring for the 193 million acres of national forests and grasslands, and providing for the highest priority activities that can demonstrate performance in a transparent manner. It also proposes an ecosystem services approach to on-the-ground work, in partnership with key stakeholders, to protect watersheds, enhance economic and social values, and improve biodiversity. Combined with State & Private Forestry redesign, Wildland Fire Management reforms, and organizational management transformation, this suite of initiatives will enable the Forest Service to continue to deliver outstanding science and effectively manage the resources of the national forests and grasslands while adapting to the challenges of the coming decades.

**Hinchey Question 2(d).** The proposed budget calls for about \$160 million to be shifted from other Forest Service program to meet anticipated fire suppression needs. How much of this shift came from research and development?

**Answer:** The FY 2009 Budget funds suppression in the same manner as the previous Administration did by requesting the 10-year average of fire suppression costs. The overall request for the Forest Service reflects the administration's priorities for supporting national security efforts and sustaining economic growth. The Forest Service had to make tough choices in the context of declining budgets and escalating fire suppression costs. The President's proposed FY 2009 levels for research and development are equal to those proposed in FY 2008.

#### **Appropriate Management Response**

**Hinchey Question 3.** I hear repeatedly that if the Forest Service would more effectively employ an "Appropriate Management Response" (AMR) to these fires, the costs for fire suppression would not be so high. Please explain the concept of Appropriate Management Response", how the concept is being employed, and are you reducing costs using this concept?

**Answer:** Appropriate Management Response (AMR) is the current terminology for the full spectrum of response options to unplanned wildland fires. AMR combines probabilistic modeling and stochastic processes with management decision-making that permit a risk-informed fire management response on Federal lands. Under AMR, application of resources is scaled to the assessed risk posed by a given wildfire, from aggressive suppression to less intensive management to be commensurate with current and predicted risk, values to be protected, availability of management resources, costs, and land management objectives. The application of AMR supported by decision support tools such as FSPro and RAVAR through the Wildland Fire Decision Support System, allow us to more effectively and efficiently deploy firefighting resources. In 2007, we observed savings associated with this management strategy as we were able to more effectively and efficiently use resources.



### Research and Development

**Hinchey Question 4.** The proposed budget calls for \$263,000,000 for Research and Development – a reduction of about \$23 million from the current program and a \$33 million reduction from the FY 08 omnibus.

What science programs will be reduced or eliminated with these large reductions and how many scientist positions will be eliminated?

**Answer:** FS R&D will strive to continue a base science program highlighting fire management, climate change, invasive species, and forest inventory and analysis. Shifts could occur in the strategic program areas to cover these high priority needs. It is estimated that 59 scientist positions will be eliminated. Examples of actions being taken to mitigate the reduction in scientists include increased extramural grants and agreements and the use of entry level scientists through the Scientist Recruitment Initiative.

**Hinchey Question 5.** The Forest Inventory and Analysis (FIA) Program is critical to understanding the health and sustainability of America's forests. The proposed budget includes a funding level of \$62,300,000. However, the State and Private Forestry component of this program has been eliminated, effectively reducing the overall program by about \$4 million from the current level.

What are the impacts of this proposed reduction? What level of funding is required to have all states efficiently enrolled in the annualized inventory program associated with FIA?

**Answer:** The proposed funding level of \$62.3 million will permit efforts to be made that maintain FIA in 47 States; however, the number of States could be reduced. Negotiations with States about future participation do not occur until the final appropriations level is known, so a precise list of which States might opt out of the program without S&PF funding is not available. The total funding needed for implementation in all 50 States is \$73.371 million.

**Hinchey Question 6.** The Northern States Research Cooperative has been a very effective program to help sustain the forests in the northeast through leading-edge science.

What is the level of funding being proposed for this Cooperative in 2009? What is the required level of funding to meet the planned actions of the Cooperative?

**Answer:** The 2009 proposed funding level for the Northern States Research Cooperative is \$1,490,000. Since the beginning of the program in 2002, about 166 research projects at 43 institutions have been completed or are under way. Projects address a wide variety of issues associated with sustaining forest ecosystem health, including water quality and yield, soil productivity, wildlife habitat improvement, improved utilization of wood, and carbon management addressing climate change issues. All projects are awarded using a competitive, science-based process. Each of the participating States focus on specific forest science themes in addressing discovery needs.

Recent Activities include:

- The NSRC provided peer-reviewed science to help ensure the health and conservation of the Northern Forests' 26 million acres.
- Projects addressed a wide variety of issues associated with sustaining forest ecosystem health, including water quality and yield, soil productivity, wildlife habitat improvement, improved utilization of wood, and carbon management associated with climate change issues.
- Projects were awarded by a competitive, science-based process.
- The NSRC helped extend science capacity in the region.

**Hinchey Question 7(a).** The Emerald Ash Borer is a major threat to the health of our forests in the east.

--What is the proposed level of research funding for this pest in 2009?

**Hinchey Question 7(b).**

--What is the required level of funding to meet the science needs to effectively control and manage this insect?

**Answer (a and b):** The emerald ash borer (EAB) has killed an estimated 20 million ash trees in southeast Michigan, Ohio, and Indiana since it was first discovered in 2002. Infestations have also been discovered in Illinois, Maryland, Pennsylvania, and West Virginia. A USDA EAB strategy is being developed, with the USDA Animal and Plant Health Inspection Service (APHIS) maintaining the lead on survey, eradication, and regulatory activities. In FY 2009, State and Private Forestry - Forest Health Management funding will focus education and outreach in many geographic areas threatened by the EAB, and on integrated pest management of outlying infestations, such as in West Virginia and Pennsylvania and parts of the Upper Peninsula of Michigan. In addition, Forest Health Management funding will support the development of new technologies that will advance knowledge in biological, chemical control, bio-surveillance, survey, and host tree resistance. In FY 2009, Forest Service Northern Research Station laboratories in Michigan, Indiana, and Ohio will conduct research on improved trapping and detection tools that facilitate early detection of EAB; systemic insecticides for protection of high value urban ash trees; biological control using parasites that attack EAB eggs and larvae; and microbial control using aerial applications of Bt (*Bacillus thuringiensis*) that targets EAB adults. Development of more effective trapping, detection, and biological control of EAB, are leading to improvements in regional control and "slow the spread" programs and better protection of high value ash trees. The FY 2009 President's Budget addresses the highest priorities for management of and research on EAB.

	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Pres. Budget
Forest Service Funding	... Dollars in thousands ...		
R&D	1,254	1,111	1,111
S&PF	1,700	995	500
Total EAB	2,954	2,106	1,611

**Hinchey Question 8(a).** In 2008, Congress provided about \$2.5 million for science in climate change management.

--What are the total science funding requirements of the Forest Service to address your comprehensive strategy for climate change mitigation?

**Answer:** Total multi-year funding estimates have not been finalized.

**Hinchey Question 8(b).** What level of science funding is required in 2009 to effectively take the next step toward addressing the major goals of this strategy?

**Answer:** The FY 2009 request represents a logical increment toward the agency's comprehensive climate change strategy.

**Questions for the Record**  
**Representative Alan B. Mollohan**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

**Sale of Mineral Rights on Experimental Forests**

**Mollohan Question 1.** Two or three years ago an energy company bought mineral rights under the Fernow Experimental Forest and has begun working with the forest on exploratory drilling for natural gas. Have there been similar situations with other experimental forests?

**Answer:** We believe this is the first time we have encountered mineral right development issues on any of the experimental forests.

**Mollohan Question 2.** Has the exercise of mineral rights interfered with the research programs at other forests?

**Answer:** To the best of our knowledge, Fernow is the only experimental forest that has had minerals development pose potential conflicts with long-term research studies. However, mineral rights occurring beneath "special areas" managed by the Forest Service is not unusual. There are privately owned minerals under research natural areas and congressionally designated wilderness, for example. As such, the situation in which private mineral owners have chosen to exercise their rights beneath a special area has occurred in the past, and the Forest Service has policy and direction in place, and experience with addressing the situation.

**Mollohan Question 3.** What steps is the Forest Service taking to ensure that the drilling will not disrupt the Fernow Forest's research programs or threaten endangered species?

**Answer:** In 1915, the United States acquired the subject land which became part of the Monongahela National Forest; however, the seller reserved the mineral rights underlying the land, which are now being exercised by the energy company that acquired these reserved mineral rights in 2001.

The Forest Service began working with the energy company as soon as it indicated its plan to exercise its mineral rights to drill an exploratory gas well on the Fernow Experimental Forest. During the review and analysis of the drilling proposal, the line and staff officers on the Monongahela National Forest also communicated with the project leader and scientists on the Fernow Experimental Forest. Concerns about effects associated with the drilling proposal were identified. Measures to reduce or eliminate adverse effects associated with the proposal were developed. The energy company prepared and submitted a plan of operation for the exploratory well which incorporated provisions that addressed the concerns that had been identified.

Recognizing that the deed language for the reserved minerals provided the Forest Service with some limited authority to minimize the impact to the surface land of the Fernow Experimental Forest, the Forest Service worked with the company to include in their exploratory gas wells plan both a well casing program and an erosion and sediment control plan that protect caves and karst resources and associated fauna from significant adverse impact.

**Questions for the Record**  
**Representative Tom Udall**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

**State and Private Forestry**

**Udall Question 1.** In your testimony you mentioned a reduction in funding for State and Private Forestry. This reduction calculates to be a 58% decrease below the FY08 budget. Please explain the proposed themes that the administration hopes will encompass State and Private Forestry in the upcoming fiscal year. How do these themes justify this massive cut in funding?

**Answer:** The Forest Service will prioritize State & Private Forestry work using the best available technology and information focused on three national themes: 1) Conserve working forest landscapes, 2) Protect forests from harms, and 3) Enhance benefits from trees and forests.

The Forest Service and National Association of State Foresters (NASF) worked to redesign the focus priorities and delivery of S&PF programs—these national themes came from that collective effort. As a result, the FY 2009 budget focuses the available funds to the highest priority work using a competitive process. In the short term, we maintain capacity to provide expertise, knowledge and the ability to bring groups together, but with a significant reduction of grants. S&PF redesign will help us focus available grant funding. In addition, the administration's proposal for the 2008 Farm Bill explicitly includes forests, forestry, and NIPF landowners and provides new funding for the same key programs for which many cooperators receive funding from the FS. On balance, we anticipate net funding available from the proposed programs will exceed current amounts, even assuming proposed reductions. State foresters and the Forest Service remain committed to a delivery approach that accomplishes targeted goals on a landscape scale.

**Law Enforcement**

**Udall Question 2.** In the FY '09 budget justification, the Forest Service law enforcement program identifies the increasing popularity of motorized recreation as one of three trends "causing significant impacts to NFS lands and resources" and increasing "risks to public and employee health and safety." Yet your budget includes a proposed reduction in law enforcement funding of \$17 m from FY08 enacted levels. (pg. 8-44).

How can the Forest Service effectively handle these trends with a proposed budget cut of \$17 million for law enforcement operations from the current year?

**Answer:** Law enforcement will continue to improve working relationships and partnerships with other Federal, State, and local agencies involved in resource protection, as well as coordinate with the recreation program, as it also plays an integral part in managing for

motorized recreation. The Forest Service will emphasize education, engineering design, and evaluation rather than enforcing travel management regulations by issuing violation notices.

The Motor Vehicle Use Map (MVUM) is the primary tool for informing visitors where and when they can operate various classes of motor vehicles. Completing designation decisions and publishing MVUMs is the beginning of the process to actively manage motor vehicle use. Educating the public about where and when they can use various classes of motor vehicles will be critical.

Although MVUMs rather than signs are now the primary tool for enforcement of travel regulations, it is expected that route markers and other signs will be installed to help the public navigate and to clearly identify the routes and areas designated for motor vehicle use. In some areas, the Forest Service may also construct visual cues that a route is closed to motor vehicles, such as berms. In other places, installation of a gate may be warranted. Law enforcement officers will continue to enforce motor vehicle related violations.

**Udall Question 3.** Given the increasing demands from motorized recreation, how much of the Forest Service law enforcement budget is dedicated to enforcing off-road vehicle regulations, and how does this compare to other recreational management activities?

**Answer:** Estimates from both FY 2006 and FY 2007 show agency law enforcement personnel spend approximately 6 percent of their time addressing off-highway vehicle (OHV) issues and violations. By comparison, agency law enforcement personnel spend approximately 11-13 percent of their time addressing other recreation related issues and violations in FY 2006 and FY 2007.

#### **Forest Service Trail System**

**Udall Question 4.** What are your budget estimates for providing adequate trail signage for newly designated off-road vehicle trails?

**Answer:** Based on the current estimated number of miles of trail already managed for motorized use, the preliminary estimate is \$3-7 million for providing route markers and signs for trails, depending on the adequacy of current signing.

**Udall Question 5.** What strategies will the Forest Service employ to ensure ORV riders abide by newly designated routes in places like Santa Fe National Forest through the travel management rule?

**Answer:** The Motor Vehicle Use Map (MVUM) is the primary tool for informing visitors where and when they can operate various classes of motor vehicles. Completing designation decisions and publishing MVUMs is the beginning of the process to actively manage motor vehicle use. Educating the public about where and when they can use various classes of motor vehicles will be critical. The Forest Service will emphasize education, rather than enforcing travel management regulations by issuing violation notices.

Although MVUMs rather than signs are now the primary tool for enforcement of travel regulations, it is expected that route markers and other signs will be installed to help the public navigate and to clearly identify the routes and areas designated for motor vehicle use. In some areas, the Forest Service may also construct visual cues that a route is closed to motor vehicles, such as berms. In other places, installation of a gate may be warranted. Law enforcement officers will continue to enforce motor vehicle related violations.

**Udall Question 6.** What are your budget projections for implementing and enforcing the travel management rule, once the route designation process has been completed?

**Answer:** Preliminary budget projections for implementing the travel management rule once route designations are completed are shown below. These projections do not include maintenance, decommissioning of routes, road route markers and signs, and law enforcement needs as they are not currently known at this time.

- Route markers and junction signs for trails - \$3-7 million (one time cost)
- Forest Service Educational and Patrol Personnel - \$9-\$16 million/year
- Volunteer Program Management - \$8 million/year
- Bulletin Boards and Kiosks - \$15 million (one time cost)
- Signs at entrance to forest areas - \$6 million (one time cost)
- National educational efforts - \$1.5 million (one time cost)

### **Planning Rule**

**Udall Question 7.** In March 2007, U.S. District Judge Phyllis Hamilton threw out the Bush administration's 2005 National Forest Management Act Planning Rule due to violations of NEPA, the ESA, and the APA. On February 7, 2008, the Forest Service released a court-ordered Final Environmental Impact Statement for the 2008 National Forest Management Act Planning Rule. Last fall 68 members of the U.S. House of Representatives wrote you a letter, opposing the proposed changes and calling for thorough environmental review of the National Forest Management Act rule. Why did you again eliminate wildlife and diversity protections and remove NEPA requirements for forest plans?

**Answer:** The Final Environmental Impact Statement (FEIS) for the 2008 Planning Rule has been prepared and made available to the public. The preferred alternative includes the following provisions related to wildlife and diversity protections and NEPA requirements:

- Expanded public involvement and collaboration by requiring early and frequent public dialogues in all phases of development, implementation, and monitoring of plans. Public involvement under this rule exceeds the requirements set forth under the National Environmental Policy Act.
- Requirements that the agency fully comply with the National Environmental Policy Act in forest planning. The responsible official will document and disclose environmental affects of a proposed forest plan using the appropriate level of analysis and documentation as required

by the National Environmental Policy Act. This could be an environmental impact statement, an environmental assessment, or a categorical exclusion depending on the character of the proposed plan, all of which require public collaboration and involvement.

- Ensures the protection of wildlife and other resources by providing a framework to fully comply with all applicable resource protection laws.

The Forest Service is dedicated to the principle that biological diversity is an essential and critical facet of our multiple use land management mandate. The preferred alternative provides a framework for compliance with the Endangered Species Act using the concepts of ecosystem diversity and species diversity. The requirement to ensure there is available habitat to support self-sustaining populations of fish and wildlife is located in the Forest Service Directives System.

### Uranium Mining

**Udall Question 8.** According to a February 7, 2008, New York Times article, the Forest Service has approved a permit allowing a British mining company to explore for uranium just outside Grand Canyon National Park, less than three miles from the canyon's southern rim. Apparently this was done with minimal public notice and no formal environmental review. Considering the tragic legacy of human suffering, disease, and environmental degradation that uranium development has left in the Southwest, I am gravely concerned about this report. Could you please give an accounting of what the Forest Service actions have been in regard to granting Vane Minerals permits for a number of exploratory wells?

**Answer:** Below is a chronology of actions related to VANE Minerals' proposed Uranium Exploration Drilling Project (the Project) on the Kaibab National Forest.

January 2007 – A proposal by VANE Minerals to drill as many as 58 exploration holes for uranium at 10 project sites on the Kaibab National Forest is included in the FY 2007 Second Quarter Schedule of Proposed Actions. Among other things, the proposal would: involve the drilling of bore holes 6 inches in diameter that extend to a depth of 500-2,000 feet; impact no more than 1 acre of National Forest System (NFS) land; entail some improvements to small sections of existing Forest Service roads for safety and access purposes; be completed in 30-60 days; incorporate numerous mitigation measures to minimize negative impacts to NFS lands and resources; and include provisions for reclamation upon completion.

January 24, 2007 - The Forest Supervisor initiated government-to-government consultation about the project by sending a letter to the Hopi Tribe, the Navajo Nation, the Havasupai Tribe, the Hualapai Tribe, and the Yavapai-Prescott Indian Tribe and initiated public scoping in several tribal communities. Additional meetings were held with the tribes over the next 6 months to discuss their concerns related to the Project.

March 13, 2007 - A public scoping letter was mailed to other agencies and interested parties notifying them about the project and requesting comments. The Forest Service contacted the Arizona Game and Fish Department, Arizona Department of Water Resources, the Center for Biological Diversity, the Coconino County Board of Supervisors, Tusayan Fire Department,



Williams-Grand Canyon News, Grand Canyon National Park, Wildlands Council, GCNP Airport and FAA Control Tower, KSGC Radio, Auza & Sons Farms, Babbitt Ranches, Grand Canyon Trust, Forest Guardians, Sierra Club, and Arizona Public Service.

March 14, 2007 - Legal notice about the project was published in the Arizona Daily Sun newspaper.

March 15, 2007 – The Kaibab National Forest issued a news release to local and regional media about the project and requested comments. The Forest also posted information about the project on its website.

April 13, 2007 – Sixteen letters were received during the 30-day comment period on the project.

December 20, 2007 - The Forest Service issued a decision memo approving the project but reduced the number of exploration sites from 10 to 7 and the maximum number of potential drill holes from 58 to 39. As originally proposed, the decision memo noted that the project would be completed within 30-60 days and included mitigation and reclamation measures. The decision memo found that the project was consistent with the Kaibab National Forest Land Management Plan and that additional environmental analysis in an environmental assessment (EA) or an environmental impact statement (EIS) was not required since the project was covered by a “categorical exclusion” (Category 8) in the Forest Service National Environmental Policy Act (NEPA) Procedures Handbook.

February 6, 2008 – The Forest Service issued a letter modifying its December 20, 2007, decision memo by adding three additional mitigation measures to further protect wildlife at or near the project at the request of the Arizona Game and Fish Department and the U.S. Fish and Wildlife Service.

### Connecting People with Nature

**Udall Question 9.** You have identified connecting children to nature as a challenge and opportunity in the next fiscal year. Yet, important programs, such as trails (33% decrease), recreation (8% decrease), and wildlife interpretation and education (32% decrease), are slated for significant cuts. If the Forest Service proposes significant cuts to programs that would help education efforts, what programs is the Forest Service using to accomplish the goal of connecting people and nature?

**Answer:** The Forest Service has numerous programs to connect American people to nature, natural resources, and the public lands. These programs transcend all functional areas within the agency, and cover the spectrum of engagement, from learning (conservation education program) and enjoyment (recreation/interpretation), to outreach (youth and civil rights programs) and employment. Part of the Forest Service *Kids in the Woods* effort is to maximize the full potential of these programs, reduce redundancy, and make them complementary to meet agency goals in a more efficient manner. The agency is also working with partner organizations to leverage its funds and increase its capacity to provide meaningful outdoor experiences to children.

**Questions for the Record**  
**Representative Todd Tiahrt**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

### **Fire Suppression Funding**

**Tiahrt Question 1.** Chief Kimbell, catastrophic wildfires across the country are not only threatening forests, lives and property, they are also taking a toll on the Forest Service itself. The fire portion of your discretionary budget has increased from 13 percent in 1991 to roughly 48 percent today. This is an unsustainable pattern. I recognize that, in many respects, your hands are tied with regard to the suppression budget since it is based on the 10-year average. For the next fiscal year, the proposed suppression budget is \$994 million. This is a \$148 million, or 18 percent, increase from just last year. With suppression costs *exceeding* one billion dollars in five of the last eight years, and with this increase squeezing out other critical Forest Service programs, I've got to believe there is a better way.

Allow me to pose a hypothetical question: Many arguments are made that the demand for fire suppression dollars will decline if we adequately fund on the preparedness and prevention side of the equation. Would it be better to completely fund *as our first priority* all of the Forest Service accounts that are forced to take deep reductions year after year because of the growing cost of fire suppression AND fund fire suppression *as our secondary priority* since suppression needs will continue to receiving emergency funding as needed? Should we continue to fund fire suppression at the expense of other critical Forest Service programs?

**Answer:** In general, prudent budgeting requires the Government to anticipate and plan for funding of responding to events that are foreseeable, even if the time, location, duration, or intensity of a given occurrence is not predictable. For example, we may not know when or where an emergency such as a hurricane or an earthquake will strike, but we can reasonably foresee that such an event will occur. Wildfires are foreseeable occurrences within fire-adapted ecosystems—even as specific instances may not be predictable. The question is how to best determine a funding level for such a foreseeable event. That an event such as wildfire is foreseeable militates against the notion that it is an “emergency” in policy or, especially, budgetary considerations. Consistent with sound budgeting principles, both the previous and current administrations have budgeted foreseeable suppression costs at the 10-year average of suppression costs, adjusted for inflation. Using the 10-year average provides a reasonable method of budgeting for an activity that is unpredictable and incurs wide variance in year-to-year obligations. The 10-year average is consistent with the way other Federal agencies—including other USDA agencies and FEMA’s Disaster Relief Fund—budget for disasters and emergencies where future costs cannot be predicted in the present.

**Tiahrt Question 2.** Perhaps it would be better to create a separate funding mechanism for fire suppression outside of the Forest Service so you are not forced into a “rob Peter to pay Paul” type of situation with your discretionary budget. USDA Undersecretary for Natural Resources

and Environment, Mark Ray, testified during our Wildland Fire hearing yesterday that a “Government-wide emergency fund account” proposal had been discussed in the past for these types of emergencies.

Does it make sense to treat wildfires as natural disasters—like earthquakes, floods, tornadoes—and create an emergency reserve fund solely for fire suppression?

**Answer:** As used by the previous and current administrations, the 10-year average provides discretionary funding for wildfire suppression costs based upon the occurrence of foreseeable natural processes that occur within fire-adapted ecosystems. The 10-year average is consistent with the way other Federal agencies—including FEMA’s Disaster Relief Fund—budget for foreseeable disasters and emergencies where future costs cannot be fully known in the present. Should the amounts of suppression exceed the 10-year average, the administration and Congress could then provide additional resources at that time. Using a separate funding approach for wildland fire is inconsistent with current government-wide practice and may lead to questions regarding inconsistent policy should Congress apply a special carve-out fund for fire when other disasters (hurricanes, earthquakes, tornados, and floods) are equally foreseeable but historically much more expensive and present much greater risk in losses to lives and improved property. From a policy perspective, the creation of an emergency reserve fund solely for fire suppression may have the unintended consequence of accelerating overall spending. It may also place additional pressure on Federal agencies to expand Federal responsibility for suppression onto lands that currently are the responsibility of tribal, State, and local governments and thereby create improper incentives for those entities to reduce their suppression investments and for localities to continue unabated development within the wildland urban interface. Accordingly, the creation of an emergency reserve fund solely for wildfire suppression is inadvisable.

**Tiaht Question 3.** Can we expect to see details of the proposal that Mark Rey alluded to in his testimony yesterday?

**Answer:** The FY 2002 President’s Budget for USDA proposed a \$5.6 billion Government-wide National Emergency Reserve fund for emergency needs, such as Forest Service firefighting, and other programs to cover sudden, urgent, unforeseen and non-permanent needs. Details were not fully developed during the presentation of this proposal.

### **Fire Preparedness Funding**

**Tiaht Question 4.** The budget request for preparedness is \$588 million, a reduction of \$77.4 million, or nearly 12 percent from last year’s enacted level. This strikes me as a pretty substantial reduction.

What level of preparedness and readiness are you able to achieve under this funding scenario? What does a \$77 million reduction in the preparedness line translate into in terms of available assets on the ground when they are needed?

**Answer:** The \$77 million decrease in the preparedness program reflects reduced costs due to efficiency efforts that the agency has been implementing, including the agency's Transformation process, and the realignment of contract costs for aviation resources used primarily for incident support from preparedness to suppression. These actions will allow the agency to maintain comparable resources as FY 2008. Additionally, when appropriate, the agency will activate additional resources through interagency partnerships and/or contracts.

### **Fire Programs**

**Tiaht Question 5.** Many of us recognize the need and value of providing funds *on the prevention side* because, frankly, Congress does a pretty good job of providing suppression funds when they are needed to address the latest fire emergencies. And yet, it's the prevention and preparedness side of the ledger that always takes the brunt of reductions in your annual budget because of the growth of the ten-year average of suppression dollars.

As compared to the enacted fiscal year 2008 levels, the budget request for state fire assistance is down \$13 million, or 27 percent; hazardous fuels funding is reduced by \$13 million, or four percent; and funds for both rural fire assistance and rehabilitation are totally eliminated.

What is the measurable impact of these reductions? Describe for us in some detail what *doesn't get done* if Congress were to approve funding at these requested levels.

**Answer:** The President's Budget request for State Fire Assistance (in the Wildland Fire Management appropriation) is \$1.5 million less than the FY 2008 appropriated level, after earmarks are subtracted. The Forest Service, through the State and Private Forestry redesign initiative, is working to ensure that our funds are directed to communities demonstrating the greatest urgency. These communities can use Forest Service grant money to leverage other sources of funding to complete the highest priority projects in areas where they will have the greatest benefit. Additionally, we will continue to actively promote fire prevention and mitigation efforts such as Firewise, a program that provides education and training to local leaders in developing efficient and effective mitigation actions for the wildland urban interface.

The FY 2009 Budget for Hazardous Fuels and other vegetation management programs that have a secondary benefit in fuel reduction will fund treatment of approximately 2.44 million acres from all contributing programs. Both the quality and the quantity of acres treated are important factors in achieving hazardous fuels reduction objectives. The smaller overall target for acres treated will be balanced by an increased emphasis in the high priority wildland-urban interface areas.

The FY 2009 Budget proposal for Volunteer Fire Assistance (in the Wildland Fire Management appropriation) is \$25,000 more than the FY 2008 appropriate level. The proposed budget will fund grants to rural fire departments for equipment, training programs, and technical assistance in organizing fire departments. These fire departments provide initial attack on many rural wildland fires throughout the Nation.

In FY 2009, post-fire restoration and rehabilitation needs in response to wildfires will be prioritized along with other program work and restoration needs to ensure that the highest priority needs are met using available National Forest System and Capital Improvement and Maintenance funding. The FY 2009 Budget proposal will direct available resources toward meeting integrated post-fire restoration objectives, involving a wide range of program areas, and leveraging these program funds through partnerships with States, counties, private landowners, and other interested organizations and individuals.

**Tiaht Question 6.** Given its relative importance in reducing high-intensity fires, should greater priority be given to hazardous fuels reduction in the overall fire budget? Couldn't it be reasonably argued that a greater emphasis on hazardous fuels reduction could result in lower fire suppression costs?

**Answer:** Given the constraints of the FY 2009 Budget, the Forest Service is giving priority to hazardous fuels reduction. This hazardous fuels budget is consistent with budgets of prior years and remains a four-fold increase over FY 2000. Treating fewer acres is a cause for concern but our priority areas are communities at risk and other valued resources. Due to the complexity of working in these areas, the cost of doing business is greater which leads to lower total treatment numbers but will ultimately be more effective in meeting our protection objectives.

Reducing the risk of high-intensity fires results not only from projects that are funded through hazardous fuels, but can also occur through naturally-occurring wildland fire within fire-adapted ecosystems. Management decisions that frame the goals of wildfire suppression operations can encourage expansion of wildland fire use and risk-informed suppression approaches that permit greater fire activity on the landscape if conditions warrant and risk to lives and improved property are acceptable. Resource applications during suppression operations that reflect the relative risk of catastrophic fire can also foster risk reduction through changes in the condition class of fuels. Creating proper incentives for land managers therefore is an important consideration in achieving improvements in fire-adapted ecosystems. To that end, the FY 2009 Budget provides that USDA and DOI are to develop science-based methodologies that include non-catastrophic acres burned in all wildfire incidents as acres treated.

While we continue to work on hazardous fuel reduction in our most critical areas, we cannot ignore our responsibilities in suppression. Our challenges have been decades in the making, and the solutions are likely to take decades as well. A long-term solution is being attempted that includes balancing funding for suppression resources with investments in hazardous fuels reduction and restoration efforts. We are leveraging resources in fuels reduction and restoration across our program areas as well as with our State and local partners to maximize the success of our efforts in terms of fire hazard reduction. Long-term solutions will continue to involve strategic investments in fuel treatments at the wildland urban interface in cooperation with our partners, landscape level treatment patterns to slow the spread of unwanted fire toward our communities, and ultimately wildland fire use to accomplish larger amounts of acres once communities have been protected.

### Forest Health Protection

**Tiahrt Question 7.** Forest Health Protection programs are designed to protect America's forests from damaging outbreaks of forest insects and invasive plants. The Fiscal Year 2009 budget request of \$79 million for Forest Health is \$43 million below the FY 2008 enacted level. Funding for pests like the Southern Pine Beetle, Gypsy Moth, and invasive plants, are dramatically reduced. The Forest Service projects that the number of acres treated will decline by 61 percent between FY 2008 and FY 2009.

Reductions like these only reinforce my impression that too little is being done to manage forest health, which is obviously very closely linked to fire prevention. Doesn't the proposed Forest Health budget, in particular, make an effective argument for addressing fire suppression costs differently?

**Answer:** It is true that funding fire suppression has affected the amount of money available to fund other programs. The proposed Forest Health Management budget in the State and Private Forestry appropriation, as well as funding in the Wildland Fire Management appropriation, as part of the National Fire Plan, will help meet the highest priority forest health needs while maintaining adequate wildland fire preparedness and suppression resources to protect resources, including life and property.

### Full-Time Equivalent Reductions

**Tiahrt Question 8.** Your predecessor, former Chief Dale Bosworth, issued a memo in January, 2007 noting the need to reduce the operating costs of the Washington Office and Regional Offices by approximately 25 percent by the end of fiscal year 2009. Much of the cost-savings of which he spoke was to be achieved through a fairly dramatic reduction of Full-Time Equivalents (FTEs). The Forest Service's "Three-Year Summary of Full-Time Equivalents" (in Appendix E of the Budget Overview) projects an overall reduction of 2,707 Full-Time Equivalents (FTE's) in Fiscal Year 2009 from Fiscal Year 2008 and a reduction of 3,439 FTE's from Fiscal Year 2007.

How much of this reduction is natural attrition and how much can be attributed to efforts to reduce overall operating costs within the Forest Service? Are you on course to meet these targets?

**Answer:** The Forest Service has an increasingly aging workforce. Nearly 4,500 employees were eligible for retirement in 2007, and over 6,700 more will reach eligibility over the next 5 years. Over this period, losses in total agency workforce will continue to outpace workforce gains; therefore, the agency anticipates that it will reach budgeted FTE levels mainly through attrition and transfers.

**Tiahrt Question 9.** What is the impact of a projected 590 FTE reduction in Wildland Fire Management in terms of overall readiness for the next fire season?

**Answer:** The reduction in FTEs will be offset by more efficient alignment of fire program leadership and support positions identified through the agency's Transformation process and

other analyses. The agency is committed to maintaining readiness capability comparable to FY 2008 and will, as needed, increase capability through additional hires or contracted services.

#### **Role of Military in Firefighting**

**Tiaht Question 10.** Do you presently have sufficient military assets at your disposal? What advantages do these assets provide and do you anticipate them playing a greater role in future fire seasons? Are they cost-effective?

**Answer:** The Forest Service and the Department of Defense (DOD) have a long history of cooperation and supporting each other. DOD has never turned down a request for support. Some programs, like the Modular Airborne Firefighting Systems (MAFFS) and training soldiers/marines to be firefighters are well organized and documented in plans. Annual coordination meetings occur. Additionally, individual military bases often have cooperative agreements with local national forests to share expertise and personnel. This is a demonstration of good government at work.

DOD is usually considered a surge capability as they are costly and not as proficient as Forest Service personnel who do the job day in and day out. However, in emergency situations, DOD assets can be engaged along side of civilian firefighters during initial/extended attack. This is most effective when pre-incident coordination meetings and training has occurred.

#### **Wildland Fire Management**

**Tiaht Question 11.** The frequency, size, and duration of large wildfires have increased dramatically in recent years. These wildfires have provided many valuable lessons that I'm sure have been studied and assessed in great detail at the federal, state, and local level.

Looking back over recent fire seasons, and bringing your own professional expertise and level of experience into play, where do each of you see evidence of change for the better—or the worse—of how wildfires are being handled? What things are being done well at various levels of government or in our communities that could be widely replicated?

**Answer:** The trend toward a broader range of fire management strategies which will be strengthened through interagency policy changes over the next couple of years offers significant potential to more efficiently and effectively use our limited resources. This represents a significant improvement in incident management which potentially affects firefighter safety and incident costs, particularly on large, long-duration incidents.

The use of newly developed decision support tools, which consider values-at-risk, helps inform managers so they can safely deploy the right resources, at the right place, at the right time. These tools combined with other decision support, such as the agency's Chief's Principle Representatives and the Inter-Deputy Fire Group, provide support for local leadership as well as high level programmatic oversight.

Predictive Services - which includes fire meteorology, fuels analysis and intelligence/statistics – is enabling managers to match resources with threats and mobilize and preposition resources prior to fire problems occurring.

### **Land Acquisition**

**Tiaht Question 12.** The FY 2009 budget request proposes \$5 million for Land Acquisition, a \$37 million decrease from just last year. Since 2001, the budget for land acquisition has declined by 97 percent. To say the least, that's a significant decline. This year's budget justification states, "The budget focuses on taking proper care of the currently owned National Forest System (NFS) lands rather than new acquisitions."

Do these recent budgets reflect a new attitude or are they simply a reflection of fewer available dollars available for land acquisition?

**Answer:** The trend of the declining land acquisition budget reflects both. The administration's FY 2009 budget request for the Land Acquisition program is formulated to balance different areas of necessary work, and is based on the relative priorities of all Forest Service budget line items among all Government discretionary programs within a constrained budget. Additionally, in the past decade or more, the frequency and severity of fire has increased significantly and Forest Service activities to protect life, property, and natural resources have become more complex and demanding. As a result, the agency has placed a higher priority on protection and safety than the acquisition of additional land in the current fiscal environment. The FY 2009 land acquisition budget makes the necessary trade-offs to meet those priorities within overall budget constraints.

### **Law Enforcement**

**Tiaht Question 13.** What are the greatest law enforcement challenges you face on National Forest System lands? How are these challenges different than what you faced as recently as ten years ago?

**Answer:** The greatest challenges today are dealing with the increases in violent crime. This is the result of the increases in public use of National Forest System (NFS) lands. Additionally, large urban areas are now close to national forests and criminal activity that used to occur in these areas is now occurring on national forests. This violent criminal activity includes arson, murder, assaults, domestic terrorism, gang violence, armed robbery, sexual assaults, rape, etc. In addition, the recent proliferation of Mexican drug cartels, conducting large scale marijuana grow operations on the national forests, presents a serious safety concern to both the public and agency employees. Many of these individuals are heavily armed. Confrontations between marijuana growers and the public have increased, as well as deadly confrontations with law enforcement personnel. This activity has occurred on over 55 national forests versus 10 national forests 10



years ago. In addition, the increased activity of international drug smuggling on NFS lands continues to occur on both the Southwest and Northern borders.

### Move Forest Service to Department of the Interior

**Tiaht Question 14.** There are no less than five federal agencies that provide fire suppression funds—the Forest Service within USDA, and four bureaus within the Department of Interior—the National Park Service, the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the Bureau of Indian Affairs.

I know there has been past consideration provided to the idea of moving the Forest Service to the Department of Interior. Is this an idea that ought to be more seriously considered?

**Answer:** There are valid reasons behind the Forest Service being an agency of the USDA. Similar to the Natural Resources Conservation Service (NRCS), the connection we have with private landowners through the work we do is well supported by the USDA mission—*providing leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management*. However, the Forest Service mission—to *sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations*—is not completely aligned with that of the DOI—to *protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian Tribes and our commitments to island communities*. Beyond NRCS, the Forest Service complements other USDA agencies, for instance, Forest Service and Animal and Plant Health Inspection Service (APHIS) and Research & Development (FS R&D) are very connected in the area of detecting, managing, and controlling invasive organisms. Several interagency agreements are in place, and numerous collaborative partnerships take advantage of the complementary tool identification capabilities of FS R&D and the technology development capability of APHIS. Furthermore, the current organizational structure is working well toward the achievement of our agency strategic plan goals and objectives.

Mission alignment and costs will need to be carefully analyzed.

**Tiaht Question 15.** Short of moving the entire Forest Service, is there merit to the idea of combining the fire-related functions of each agency under a single umbrella and creating, in essence, a National Fire Service?

**Answer:** Combining the fire-related functions of each agency would not have a material effect on either the effectiveness or the cost of firefighting because the two agencies already operate under a unified command system. Our fire management operations and firefighting resources and crews are integrated and interchangeable. Our 98 percent success rate on initial attack is one demonstration of the success of that partnership. There are other strengths in our current approach. For one, the vast majority of initial responders come from resource personnel working at the local unit. Many are district employees, and not necessarily primary firefighters. Merging fire programs could result in lost time and efficiency in initial attack, potentially resulting in even higher suppression costs.

### Fire Borrowing and Emergency Funding

**Tiaht Question 16.** Between the FY 2007 emergency supplemental, the FY 2008 emergency supplemental, and emergency funding included in the FY 2008 Omnibus Appropriations bills, Congress has appropriated \$1.265 Billion in *emergency* funding to address catastrophic wildfires. (This is in addition to appropriated discretionary dollars). Approximately three-quarters of this funding (\$921 million) has gone directly to the Forest Service with the remaining funds going to fire accounts within the Department of the Interior.

How much, if any, of this past emergency funding do you have in reserve to carry over into this year's fire season?

**Answer:** The Forest Service has approximately \$53 million in past emergency funding to carry over into this year's fire season.

**Tiaht Question 17.** And secondly, of the money borrowed from various Forest Service accounts in recent years to fund fire suppression needs, how much has been repaid and how much remains to be repaid. What accounts have not yet been made whole?

**Answer:** The following information includes funds for projects that are no longer agency priorities.

Account	Amount Unpaid (in thousands)
Forest & Rangeland Research	\$32
State & Private Forestry	\$3,099
National Forest System	\$106,167
Capital Improvement & Maintenance	\$35,305
Land Acquisition	\$9,308
Brush Disposal	\$64
Recreation Fee Demo	\$45
Purchaser Election	\$10,090
Timber Salvage Sale	\$112
Working Capital Fund	\$66,029
Knutson-Vandenberg	\$159,000
TOTAL	\$389,251

**Questions for the Record**  
**Representative Ken Calvert**  
**U.S. Forest Service Hearing**  
**Hearing Date: February 13, 2008**

**Forest Health and Fire Management Funding**

**Calvert Question 1.** In order to prevent future infestations of bark beetles, improve forest health, and reduce the threat of fires in areas that border forests and more populated areas, please explain how the Forest Service is working to more closely align the risk of fire with the allocation of bark beetle prevention and suppression treatments. How are sequencing of treatments on National Forest Service lands planned and coordinated with other Forest Service vegetation management program areas.

**Answer:** Each Forest Service vegetation management program area has methods and criteria to prioritize resource allocations to meet program specific objectives. We are, however, taking an integrated approach to allocating funds to gain multiple benefits with one land treatment—field-level projects are initially planned with an integrated scope, then national-level funding allocations are evaluated using an integrated approach. Wildlife and Fisheries Habitat Management, Forest Products, Vegetation and Watershed Management, Hazardous Fuels, Forest Health, and other permanent and trust funds work together in an integrated way and all play a key role in restoring fire-adapted ecosystems, improving wildlife habitat, watershed condition, and overall forest health.

For example, to help prevent future infestations of bark beetles and reduce the risk of wildland fire on NFS lands in California, the allocation of funds for bark beetle treatments is coordinated with the fire management and hazardous fuels staffs, both at the forest and regional level. Projects selected for funding meet multiple resource objectives and result in healthier and more resilient forest stands. Thinning treatments are designed to optimize conditions that increase residual tree vigor and reduce the threats to life and property during high fire danger years. The highest priority areas for thinning are in and around forested communities and at high value recreation sites.

**Calvert Question 2.** I was interested to learn about the Integrated Forest Health program near San Bernardino National Forest. I understand the Forest Service is conducting western pine beetle prevention efforts in partnership with the San Bernardino National Forest Association and the California Department of Forestry and Fire Protection.

How is the Forest Service working to treat for bark beetle in other states with assistance from insect and disease projects?

**Answer:** The Forest Service, State and Private Forestry (S&PF) and Research and Development (R&D) deputy areas are working with our partners within the Forest Service, and at the State, county, and local levels to manage and to develop tools for managing bark beetles in the West and

the Southeastern United States. For example, in Colorado, S&PF is working with the Northwest Colorado Council of Governments to implement on-the-ground projects to manage mountain pine beetles. The Rocky Mountain Research Station has been part of the Colorado Bark Beetle Cooperative, working to develop new knowledge and tools that help guide resource managers and landowners in planning and decision-making related to bark beetle management. In the South, the Forest Service is working with State forestry organizations to manage forests so that they are less susceptible to future southern pine beetle outbreaks and to develop tools to help address the southern pine beetle and other invasive bark beetles.

In FY 2009, the Forest Service will help provide an analysis (Fire Analysis System) of the interagency budgets for preventing fires in areas such as hazardous fuels treatments and large fire suppression. The purpose of the program is to provide interagency fire planning and budget formulation and execution with a delivery date of June 2008.

#### **Fire Analysis System**

**Calvert Question 3.** What are the types of trade-offs that will need to be made while working through the Fire Analysis System between interagency programs relative to deploying firefighting resources and using various suppression strategies?

**Answer:** The Fire Program Analysis system will display strategic trade-offs between program components including preparedness, hazardous fuels treatments, and suppression activities. When fully functional, it will provide strategic decision support information relative to organizations, resource capability, workloads, and costs. These outputs could suggest realignment of program components and funding. Fire Program Analysis is not being designed as a real time tactical decision model for fire suppression. The Wildland Fire Decision Support System, scheduled for release in early 2009, is being designed as a real-time incident decision support tool.

#### **Healthy Forests Initiative**

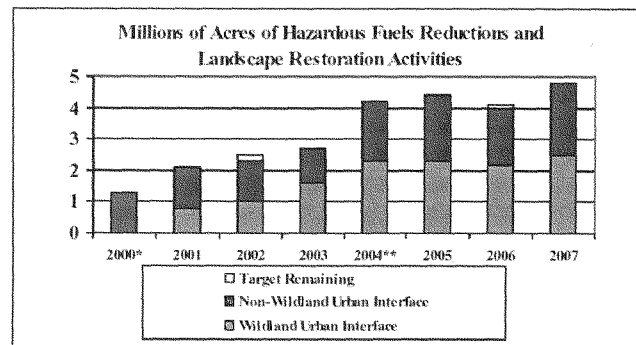
**Calvert Question 4.** I understand that the Healthy Forest Initiative (HFI) was launched with the intent to reduce the risks of severe wildfires to people, communities, and the environment. What are some recent examples of progress under HFI by the Forest Service and also in conjunction with the Department of Interior?

**Answer:** In 2002, President George W. Bush launched the “Healthy Forests Initiative” (HFI) to reduce administrative, regulatory, and statutory barriers to increasing the area of federal lands treated to reduce forest fuels. In addition to administrative streamlining, a number of statutory changes were enacted in 2003 to expedite fuels reduction on national forests and public lands administered by the Bureau of Land Management (BLM) under the Healthy Forests Restoration Act (HFRA).

Although use of these authorities vary from region to region, their use is generally growing nationally and is expected to further increase as field units gain more experience with them.

Many successes are occurring, including the leadership of States and local government in the development of community wildfire protection plans, successful application of HFRA Title IV silvicultural assessments in the Southern Region, coordinated resource offering protocols (CROP studies) in several regions, Forest Service partnership and collaboration leaders in the Eastern Region, and the formation of intergovernmental and stakeholder groups in the northern Rockies and in the San Bernardino Mountains of California.

Between 2001 and 2007, Federal land management agencies have treated over 24 million acres on all lands under HFI and the National Fire Plan (shown below), of which approximately 19 million acres have been treated using hazardous fuels reduction authorities, and over 5 million acres have been treated through other land restoration activities. Of the 4.8 million acres treated by the Forest Service and Department of the Interior in FY 2007, over 50 percent were in the wildland-urban interface.



→ Set at Fiscal Year target to display over-accomplishment

\* FY 2000 is used as a baseline for reporting, as the NFP was implemented in FY 2001. Treatment location was not included in reporting prior to FY 2001.

\*\* Acres treated under landscape restoration activities were not reported prior to FY 2004.

USDA and USDI jointly maintain a wealth of information on HFI and HFRA, online at: <http://www.forestsandrangelands.gov/>. Detailed progress information is also available in the report *Healthy Forests Report, FY 2007 Accomplishments, December 11, 2007* ([http://www.forestsandrangelands.gov/reports/documents/healthyforests/2007/fy2007\\_final\\_healthy\\_forests\\_report\\_12112007.pdf](http://www.forestsandrangelands.gov/reports/documents/healthyforests/2007/fy2007_final_healthy_forests_report_12112007.pdf)). In addition, information on HFI progress and success stories by State can be viewed at [http://www.forestsandrangelands.gov/Healthy\\_Forests/index.shtml](http://www.forestsandrangelands.gov/Healthy_Forests/index.shtml)

### Forest Health Management

**Calvert Question 5.** In an effort to assess both short-term and long-term forest health conditions the Forest Service conducts pest surveys and provides technical assistance to Federal land managers. With a 17% cut in this area, how will this impact the programs ability to identify priority treatment areas which would reduce the potential for new outbreaks and treat against damaging insects and disease in our forests?

**Answer:** Although the proposed budget for Forest Health Management-Federal Lands in the State and Private Forestry appropriation is below the FY 2008 enacted, funding for the National Fire Plan (NFP) Forest Health Management -Federal Lands line item is maintained at the FY 2008 enacted level. The NFP component funds forest health projects in areas at risk of wildland fire or areas that have recently burned. The Forest Health Management program will continue to prioritize requests for survey and technical assistance to meet the highest priority needs of Federal land managers. We are continually working to improve technical assistance to land managers through the development of new technology that will lead to more efficient and cost effective program delivery.

### **Cooperative Law Enforcement Agreements**

**Calvert Question 6.** I understand that the Forest Service Law Enforcement and Investigations program protects the nation's resources and the people who visit and work on those lands across the country. Unfortunately it has become common for incidents such as manufacturing, possession, and trafficking of drugs, as well as other crimes, to take place on National Forest Service lands. With a 12% reduction in budget, please describe how cooperative law enforcement agreements with local, state, and federal agencies can help to support crime prevention and illegal activities on public lands.

**Answer:** Cooperative Law Enforcement agreements with local and State agencies are an integral part of enforcing rules and regulations which help reduce risks to public and employees on National Forests and Grasslands. The proposed 2009 budget level will require the agency to reduce cooperative law enforcement agreements approximately \$1.3 million.

**Calvert Question 7.** However, with the ever increasing risk of catastrophic fire across the country, not just in the west, how does this amount of funding address the real need for grants and grant applications in this area?

**Answer:** Cooperative Law Enforcement grants are conducted through our Law Enforcement operations, and at the proposed budget level, will be reduced. In addition to this grant funding, Forest Service State and Private Forestry programs provide funding to communities to mitigate the risks of catastrophic fire, such as the State and Volunteer Fire Assistance and Forest Health programs.

TUESDAY, APRIL 1, 2008.

**NATIONAL ENDOWMENT FOR THE ARTS AND ARTS  
ADVOCACY DAY**

**WITNESSES**

**DANA GIOIA, CHAIRMAN, NATIONAL ENDOWMENT FOR THE ARTS**  
**ROBERT REDFORD, ACADEMY AWARD-WINNING DIRECTOR, ACTOR,**  
**PRODUCER, ACTIVIST**  
**JOHN LEGEND, FIVE-TIME GRAMMY AWARD-WINNING R&B SINGER,**  
**SONGWRITER AND PIANIST**  
**KERRY WASHINGTON, STAGE, TELEVISION, AND SCREEN ACTRESS**  
**JONATHAN SPECTOR, CEO, THE CONFERENCE BOARD**  
**MUFI HANNEMANN, MAYOR, HONOLULU, HAWAII**  
**ROBERT L. LYNCH, PRESIDENT AND CEO, AMERICANS FOR THE ARTS**

Mr. DICKS. The Committee will come to order.

The Subcommittee has a busy agenda this morning. We will first hear from the Chairman, our good friend, of the National Endowment for the Arts, Dana Gioia, who has the unenviable job of trying to defend a very inadequate budget request for the agency from President Bush.

This portion of the agenda is scheduled to last until 10:40. At that time, we will adjourn the NEA budget hearing in order to hear from a panel of experts organized by Americans for the Arts on the value of Federal support for the arts and arts education.

We will also hear from the co-chairs of the National Arts Caucus, the honorable Louise Slaughter from New York and Chris Shays from Connecticut.

Because of this busy schedule, I do not have a long statement. I do, however, want to welcome Chairman Dana Gioia back for what I believe is his sixth appearance before the Subcommittee as Chairman of the National Endowment for the Arts.

**NEA LEADERSHIP**

On the positive side, I want to thank him for the quality of his leadership and for the richness and effectiveness of the Endowment's programming initiatives during his tenure. These new programming initiatives have not only been produced to a very high standard of excellence, but they have taken to every corner of this country. This includes small towns and military bases which had never previously benefited from national programming of this caliber. To put it simply, because of Dana's leadership, virtually every corner of America has been exposed to a richer cultural experience than it would have been without the NEA.

Unfortunately, however, the opportunity today to review these new programs and to learn more about the exciting opportunities to further broaden the reach of the NEA is compromised by the

need to address what I believe is a wholly inadequate and irrational budget request for 2009 for the Endowment.

#### PRESIDENT'S REQUEST

I would be remiss in these opening remarks if I did not express my dismay with the \$16 million, 12 percent, reduction in funding for the NEA for 2009 proposed by the President. I am dismayed partially because the 2008 increase of \$20 million is essentially identical to the increase which President Bush unsuccessfully lobbied for 3 years ago. I can't understand why the President and OMB have now chosen to completely eliminate this hard-fought increase which they supported a few years ago.

While I am unhappy with the President and with OMB, I am reasonably sure that this is not the budget which Chairman Gioia requested from OMB last fall. And we will look forward to working with him as the budget year unfolds to improve the outlook for arts funding for next year.

And I now turn to Mr. Tiahrt for his opening statement.

Mr. TIAHRT. Thank you, Mr. Chairman.

Good morning, Chairman Gioia. We look forward to learning more about your fiscal 2009 budget request as well as the important work that the NEA is undertaking across the Nation.

As you know, the NEA's budget received a healthy increase last year as a result of our Subcommittee's work. This is largely a reflection of the confidence that we have in you and your leadership.

#### NEW DIRECTION OF AGENCY

Chairman Gioia, there has been a sea change in the direction of the NEA under your stewardship. You have literally transformed the NEA over the time that I have been in Congress. I want to compliment you and your staff for promoting the arts for all Americans and for bringing the American people bigger, bolder ideas that are reaching a far greater cross-section of our country than ever before.

This effort is reflected in the fact that the Arts Endowment now awards at least one direct grant annually in each and every congressional district. That is quite an achievement.

#### OPERATION HOMECOMING

I had the privilege of participating in an extraordinary event in March of last year, the premiere of "Muse of Fire," a documentary inspired by the literary effort, Operation Homecoming. For those of you who are not aware of this incredible real-time accounting of the sacrifices of many of our brave men and women who serve our country in uniform, it is a touching, humbling and emotional presentation, and certainly one of the NEA's finest collaborations.

I was especially proud to have you join me and Vicki, my wife, and some of our constituents for the screening of "Muse of Fire" at the Warren Theatre in Wichita last November. Vicki is going to join us later today. She is currently hung up in traffic. And I want to assure you that it has absolutely nothing to do with Robert Redford being here this morning.

Thank you for your fine work. I look forward to your testimony.



Thank you, Mr. Chairman.

Mr. DICKS. Mr. Gioia, you can proceed as you wish. And we will put your entire statement in the record. And you may proceed.

Mr. GIOIA. Okay. Thank you, Mr. Chairman and distinguished members of the Subcommittee.

#### THE BIG READ

With your permission, I would like to begin with a short clip from a film which the NEA has just produced for American high school students as part of The Big Read program. This is a message from a distinguished American author which I think summarizes the spirit of the NEA.

[Video shown.]

Mr. GIOIA. One of the things that Ray Bradbury points out as the film continues are these things that he was first introduced to as a child or as an adolescent helped shape his life, helped in his success.

#### HIGH SCHOOL POETRY RECITATION CONTEST

In this spirit, I would like to actually call a second artistic testifier today, a young lady named Olivia Seward. She's 15 years old. She is a sophomore honors student at the Stadium High School in Tacoma, Washington. Last year, as a high school freshman, she won the 2007 Washington State Poetry Out Loud recitation contest sponsored by the Washington State Arts Commission, the National Endowment for the Arts and the Poetry Foundation. And I would like Olivia Seward, who tomorrow will celebrate her 16th birthday, to recite two of the poems by which she won the Washington State finals.

May I introduce Olivia Seward.

[Applause.]

First, in the spirit of the union between politics and the art, her first one will be "When I Was Fair and Young" by Queen Elizabeth I, and the second, "Eros Turannos" by Edwin Arlington Robinson.

Ms. SEWARD. Good morning, Congressmen and distinguished guests.

"When I was fair and young then favor graced me; of many was I sought their mistress for to be. But I did scorn them all and answered them therefore, go, go, go, seek some otherwhere, importune me no more.

"How many weeping eyes I made to pine in woe; how many sighing hearts I have no skill to show. Yet I the prouder grew, and answered them therefore, go, go, go, seek some otherwhere, importune me no more.

"Then spake fair Venus' son, that proud victorious boy, and said, you dainty dame, since that you be so coy, I will so pluck your plumes that you shall say no more, go, go, go, seek some otherwhere, importune me no more.

"When he had spake these words such change grew in my breast that neither night nor day I could take any rest. Then, lo, I did repent, that I had said before, go, go, go, seek some otherwhere, importune me no more."

[Applause.]

Thank you.

My second one will be "Eros Turannos" by Edwin Robinson.

"She fears him, and will always ask what fated her to choose him. She meets in his engaging mask all reasons to refuse him. But what she meets and what she fears are less than are the downward years drawn slowly to the foamless weirs of age, were she to lose him.

"Between a blurred sagacity that once had power to sound him, and love, that will not let him be the Judas that she found him, her pride assuages her almost, as if it were alone the cost. He sees that he will not be lost, and waits and looks around him.

"A sense of ocean and old trees envelops and allures him; tradition, touching all he sees, beguiles and reassures him; and all her doubts of what he says are dimmed with what she knows of days, till even prejudice delays, and fades, and she secures him.

"The falling leaf inaugurates the reign of her confusion; the pounding wave reverberates the dirge of her illusion; and home, where passion lived and died, becomes a place where she can hide, while all the town and harbor side vibrate with her seclusion.

"We tell you, tapping on our brows, the story as it should be, as if the story of a house were told, or ever could be; we'll have no kindly veil between her visions and those we have seen, as if we guessed what hers have been, or what they are or would be.

"Meanwhile, we do no harm; for they that with a god have striven, not hearing much of what we say, take what the god has given; though like waves breaking it may be, or like a changed familiar tree, or like a stairway to the sea where down the blind are driven."

[Applause.]

Mr. GIOIA. I wanted to have Mr. Bradbury and Ms. Seward be part of the testimony because I think, in the case of art, unless you see it and experience it, it is hard to convey in official prose.

Following these acts, I would like to proceed with a few comments drawn from my testimony before we open up to questions.

#### IMPACT OF NEA PROGRAMS

As I begin my sixth year as Chairman of the National Endowment for the Arts, I am proud to report that the agency is operating with high artistic standards, inclusive partnerships, improved efficiency and unprecedented democratic reach.

The fiscal year 2008 budget has allowed the agency to continue to build on the progress of recent years and reach millions more with our programs and services. The Arts Endowment has firmly regained its position as a national leader in arts and arts education.

The Arts Endowment programs now reach into every corner of the Nation, bringing the best of arts and arts education to the broadest and most varied audience possible. While maintaining the highest artistic and educational standards, the agency has effectively democratized its programs while also keeping them relevant to the needs of diverse communities.

This expanded reach has been made possible by the national initiatives such as Shakespeare in American Communities, American Masterpieces, The Big Read, Poetry Out Loud, NEA Jazz in the Schools, and Operation Homecoming that, together, reach thou-

sands of communities, classrooms and military bases, collectively serving many millions of Americans.

The NEA grants are producing economic benefits throughout the country by nurturing local arts groups and enhancing local economies. With each dollar awarded by the NEA, we generate an additional \$6 to \$7 from other sources. The NEA is triggering, therefore, an investment of approximately \$600 million to \$700 million for the arts from private donors and non-Federal sources.

#### GEOGRAPHIC REACH

The creation of Challenge America in 2001 marked a turning point in the NEA's history. This program was a request from Congress that our programs reach more broadly into this country. This program quickly broadened the geographic distribution of grants, but it did not fully realize its goals of reaching the entire Nation. In an average year, direct grants reached only about three-quarters of the United States, as measured in congressional districts. Consequently, areas of the Nation, representing more than 70 million Americans, received limited aid from the agency.

Five years ago, we set the goal of awarding at least one direct grant to deserving arts organizations in every congressional district of the United States. In 2005, 2006 and again in 2007, the NEA realized 100 percent coverage, with direct grants in all 435 districts. In 2008, NEA will again achieve, for the fifth time, 100 percent coverage.

I would like to show you a few charts to show you how much this has changed NEA's reach of the United States.

This is a chart which shows the National Endowment for the Arts—and I do believe you have copies in your materials here.

In 2002, despite Challenge America, which was an enormous breakthrough for us, only 21 of the 50 States received at least one direct grant in every district. There were 98 districts that did not receive any direct support from the NEA. By 2008—and this has really been true for the last 5 years—every State is now covered, every district is now covered.

But this only tells about half of the story. If we go to the final chart, you will see that, in addition to a direct grant, every State has been reached with multiple national initiatives, which include American Masterpieces, NEA Jazz Masters, Jazz in the Schools, Poetry Out Loud, Shakespeare in American Communities, and The Big Read.

To illustrate this, really only from Shakespeare in American Communities, as we enter our fifth year with Shakespeare in American Communities, we have reached 2,300 different municipalities, mostly small and middle-sized, across all 50 States, including military bases. We have had 2,000 actors performing for 1.2 million students, and we have reached 3,600 middle and high schools. Our materials are being used by 20 million students in every district in the United States.

This shows you how, by taking both our direct grant programs and our national initiatives, we have achieved unprecedented coverage of every part of the United States.

I would like to make a few more comments on other programs before I end my remarks.

## DECLINE IN READING

Last November, the NEA followed its widely discussed 2004 report, "Reading at Risk," with a comprehensive new study, "To Read or Not to Read: A Question of National Consequence." This new report gathered governmental and private-sector studies on reading.

The data in "To Read or Not to Read" paints a simple, sad and consistent portrait of reading in America today: Americans, especially teenagers and young adults, are reading less. Therefore, they read less well. And this has measurable negative impact on their educational, economic, personal and civic lives and, therefore, on the Nation's future.

## THE BIG READ

Challenged to stem this decline in reading, the NEA has expanded the literary component of American Masterpieces, called Big Read. In 2008, The Big Read will provide grants to cities, large and small, across all 50 States. The goal is to reach a total of 400 cities, touching every U.S. congressional district with a program. Widely covered in the press, The Big Read has become a national symbol on the importance of reading in a free society.

## OPERATION HOMECOMING

Finally, I would like to update you on Operation Homecoming. The NEA concluded the first phase of its historic Operation Homecoming program last year. Supported by the Boeing Company, the program brought 55 writing workshops to U.S. military bases in five countries, involving 6,000 troops and their spouses. The program climaxed in the publication of wartime writing by U.S. Troops in *The New Yorker*, a volume by Random House, as well as a production of two films, one of which became a 2008 Academy Award finalist for the best full-length documentary.

The program was so meaningful to U.S. Troops that we have now initiated a second phase, focusing on servicemen and servicewomen most deeply affected by the war. Phase two of Operation Homecoming will sponsor extended writing workshops led by noted American authors in 25 Veterans Administration and Department of Defense medical facilities as well as VA centers across the Nation.

As we look into the future, at least two major challenges face the NEA and the citizens it serves.

## ARTS EDUCATION IN U.S.

The first is the diminished state of arts education in the Nation's schools. There is now an entire generation of young Americans who have not had the arts play a significant role in their intellectual and personal development. This trend is not merely a cultural matter, but a social and economic one. As these young men and women enter the new global economy of the 21st century, many of them will not have had the opportunities to develop the skills, innovation and creativity they need to succeed.

American schools need help to better realize the full human potential of their students. While we are proud of our current arts education program, we are also deeply conscious of the millions of

students, especially in the earlier grades, whom we do not reach at all.

#### INTERNATIONAL CULTURAL PROGRAMS

The second challenge speaks to an even broader issue, namely America's place in the world. The United States needs to expand its cultural exchanges with other nations. This investment in cultural diplomacy would not only benefit American artists by providing them with greater opportunities but, more important, it would help the Nation itself effectively communicate with the rest of the world in ways that transcend political and economic issues.

The arts have the potential to represent the best aspects of a free and diverse democracy in a way that speaks to the hearts and minds of people everywhere. It would be an enormous missed opportunity for the United States if we did not use the creativity of our own people to address the rest of the world.

As we contemplate the future of the National Endowment for the Arts, we remain confident in the continuing relevance of our mission: to bring the best of the arts, new and established, to all Americans. The Arts Endowment goal is to enrich the civic life of the Nation by making the fruits of creativity truly available throughout the United States. In a dynamic Nation with a growing and diverse population, this goal will remain a constant challenge, but a great Nation deserves great art.

Thank you.

[The statement of Dana Gioia follows:]



NATIONAL  
ENDOWMENT  
FOR THE ARTS

A great nation  
deserves great art.

Statement of

**Dana Gioia**

Chairman

National Endowment for the Arts

before the

Appropriations Subcommittee on  
Interior, Environment and Related Agencies

U.S. House of Representatives

April 1, 2008

**Prepared Statement of  
Dana Gioia, Chairman**

**National Endowment for the Arts**

**House Appropriations Subcommittee on Interior,  
Environment and Related Agencies**

**April 1, 2008**

Mr. Chairman and Distinguished Members of the Subcommittee:

I am honored to come to you again to report on the state of the National Endowment for the Arts (NEA) and to discuss the President's budget request of \$128,412,000 for Fiscal Year 2009. The request includes \$101.632 million for grant-making activities, with \$60.979 million committed to *American Masterpieces*, *Challenge America* and basic grant programs, and \$40.653 million allocated for state and regional partnerships.

**BACKGROUND**

As I begin my sixth year as Chairman of the National Endowment for the Arts, I am proud to report that the agency is operating with high artistic standards, inclusive partnerships, improved efficiency, and unprecedented democratic reach. The fiscal year 2008 budget has allowed the agency to continue to build on the progress of recent years and reach millions more with our programs and services. The Arts Endowment has firmly regained its position as a national leader in arts and arts education.

The Arts Endowment's programs now reach into every corner of our nation — bringing the best of the arts and arts education to the broadest and most varied audiences possible. While maintaining the highest artistic and educational standards, the agency has effectively democratized its programs, while also keeping them relevant to the needs of diverse communities. This expanded reach has been made especially possible by national initiatives such as *Shakespeare in American Communities*, *American Masterpieces*, *The Big Read*, *Poetry Out Loud*, *NEA Jazz in the Schools* and *Operation Homecoming*, that together reach thousands of communities, classrooms, and military bases — collectively serving many millions of Americans.

Meanwhile, our grants process continues to be broadened through our *Challenge America: Reaching Every Community* program that helps to ensure that direct grants reach arts organizations in every Congressional district in the United States. In 2008 we will achieve for the fourth consecutive year our goal of reaching every community in the United States — with many grants going once again to organizations that have never before received Endowment support.

## AGENCY GOALS AND ACCOMPLISHMENTS

The past five years have been a period of enormous innovation, sustained energy, and meaningful renewal at the NEA. We have made a series of significant changes that enable the agency to serve the nation more efficiently and effectively.

NEA grants are producing economic benefits throughout the country by nurturing local arts groups and enhancing local economies. With each dollar awarded by the NEA generating on average \$6-\$7 dollars from other sources, the NEA is triggering an investment of approximately \$600 million for the arts from private donors and non-federal sources.

We welcome this opportunity to showcase the following programs that exemplify NEA's commitment to excellence, broad geographic reach, and arts education.

### *Challenge America: Reaching Every Community*

The creation of the *Challenge America* program in 2001 marked a turning point in NEA history. This program built upon the agency's strengths in supporting the arts and art education, but challenged the NEA to broaden its service to Americans outside established cultural centers. The program quickly broadened the geographic distribution of grants, but it did not fully realize its original goals of reaching the entire nation. In an average year, direct grants reached only about three quarters of the United States (as measured by Congressional districts). Consequently, areas of the nation representing more than 70 million citizens received limited service from the agency.

Five years ago, we set the goal of awarding at least one direct grant to a deserving arts organization in every Congressional district in the United States. In 2005, in 2006, and again in 2007, the NEA realized 100% coverage with direct grants awarded in all 435 districts. In 2008, the NEA will again achieve its 100% coverage goal. The Arts Endowment considers the new *Challenge America* program one of its central achievements.

### *Partnerships*

Everything the NEA does it does in partnership. This approach not only leverages federal dollars by achieving private sector matches; more important, our partnership strategy strengthens local arts organizations and builds communities. NEA's project grants develop partnerships in a direct way through an investment in arts organizations. Our national initiatives also create partnerships of enormous range and diversity—uniting government, non-profit, and private sector organizations in support of arts and arts education across the nation.

A *Big Read* grant, for example, originates from the Arts Endowment but is administered by Arts Midwest, a regional arts organization. Each grant is then awarded to a local



applicant (usually a library, museum, or literary organization) who uses it to build a local partnership that can easily involve over a hundred organizations, including schools, newspapers, public radio and television stations, cultural institutions, chambers of commerce, private business, and mayors' offices. Multiply these local networks across hundreds of *Big Read* cities in all 50 states, and one finds tens of thousands of partners all focused on celebrating literature and rebuilding literacy. Such programs help realize the initial vision of the NEA by its founders 43 years ago to be a catalyst of American creativity in every corner of the nation.

## NATIONAL INITIATIVES

### *American Masterpieces*

Many Americans are unfamiliar with the significant artistic and cultural achievements of our nation. They have few opportunities in school or daily life to learn about the arts or acquire skills to appreciate or participate in them. To address this challenge, the Arts Endowment established *American Masterpieces: Three Centuries of Artistic Genius*. It vividly embodies the goals of excellence and outreach by featuring educational programs along with presentations of artistic works themselves.

Now in its fourth year, *American Masterpieces* has added chamber music and presenting to visual arts, dance, choral music, musical theater, and literature. *American Masterpieces* grants have enabled 31 museums in 16 states to tour exhibitions to 142 cities across the nation, reaching an estimated audience of 12 million. Choral music grants have supported the creation of eight regional festivals celebrating American choral music in 12 states and the District of Columbia. Fifty-four grants are helping dance companies and college dance programs revive and tour American choreographic masterpieces nationwide. In musical theater, 13 theater companies in 18 states are reviving and touring significant American musicals. All these programs are reaching underserved rural and urban communities and introducing new generations to their rich artistic legacy.

### *The Big Read*

Last November the NEA followed its widely discussed 2004 report *Reading at Risk* with a comprehensive new study *To Read or Not to Read: A Question of National Consequence*. This new report gathered governmental and private sector studies on reading. The data in *To Read or Not to Read* paint a simple, sad, and consistent portrait of reading in America today. Americans, especially teenagers and young adults, are reading less. Therefore, they read less well, and this decline in reading ability has measurably negative impact on their educational, economic, personal, and civic lives and our nation's future.

Challenged to stem the decline in reading, the NEA has expanded the literary component of *American Masterpieces* called *The Big Read*. With Mrs. Laura Bush as its honorary

chair, the Endowment is uniting communities and generations through the reading and discussion of a common book. To make *The Big Read* work, communities are creating new partnerships involving schools, libraries, literary centers, arts councils, dance and theater companies, symphony orchestras, museums, and television and radio stations, as well as mayors' offices and chambers of commerce to broaden the reading of quality literature in every segment of the community.

In 2008, *The Big Read* will provide grants to cities, large and small, across all 50 states. The goal is to reach a total of 400 cities, touching every U.S. Congressional district, with the program. Widely covered in the press, *The Big Read* has become a national symbol of the importance of reading in a free society.

### ***Poetry Out Loud***

Meanwhile, the NEA's high school poetry recitation contest, *Poetry Out Loud*, is currently completing its third national year in 2008. Cosponsored by the state arts agencies, this highly popular program reaches all fifty states plus the U.S. Virgin Islands and the District of Columbia. Since it began as a pilot program in 2005, nearly 450,000 students have entered the competition. This program combines literary education and practical training in public speaking with the thrill of competition.

One unexpected development in *Poetry Out Loud* has been its enormous popularity with the press, which often covers this arts program as if it were local sports. The NEA takes special pride in seeing young arts participants recognized publicly in their own communities on a par with local star athletes.

### ***Shakespeare in American Communities***

The NEA's Shakespeare program is now in its fifth year with *Shakespeare for a New Generation*, a program that focuses on providing American students an opportunity to see a live professional performance of Shakespeare. By the end of 2008, some 175 grants will have been awarded for 77 theater companies to bring new productions of Shakespeare to more than 2,300 communities in mostly small and mid-sized cities, including 18 military bases. Nearly 2,000 actors have performed for 1.2 million students attending 3,600 middle and high schools.

The award-winning NEA *Shakespeare in American Communities* classroom toolkit has now been distributed free to 55,000 schools (32% of which are located in rural communities) reaching 20 million students. The NEA's Shakespeare program has reached deeply into all 50 states with an overwhelmingly positive response from teachers and students alike.

### ***NEA Jazz in the Schools***

The Arts Endowment's long-standing support of jazz was broadened in 2006 with the *NEA Jazz in the Schools* program, an engaging and substantive introduction to jazz

created for high schools. Developed with Jazz at Lincoln Center, an academic tool-kit, made available in January 2006, proved so popular that every kit was quickly requested by teachers across the U.S. The NEA's recent budget increase allowed us to create more kits to meet thousands of unfilled backorders. The *NEA Jazz in the Schools* kit is now used by over 11,000 teachers in 8,100 schools across all fifty states.

Often used by teachers during Black History Month, as well as throughout the year, the program reaches some 5.6 million students, introducing students to jazz as a distinctively American art form as well as a powerful and positive force in African-American social history. This educational program was added while the agency maintained all of its *NEA Jazz Masters* touring, radio, and awards programs.

#### ***Operation Homecoming and Other Programs for the Military***

The NEA concluded the first phase of its historic *Operation Homecoming* program last year. Supported by The Boeing Company, the program brought 55 writing workshops to U.S. military bases in five countries, involving 6,000 troops and their spouses. The program climaxed with the publication of wartime writing by U.S. troops in *The New Yorker* and a volume by Random House, as well as the production of two films, one of which became a finalist for the 2008 Academy Award for best full-length documentary.

The program was so meaningful to U.S. troops that we have now initiated a second phase focusing on the servicemen and servicewomen most deeply affected by the war. Phase II of *Operation Homecoming* will sponsor extended writing workshops led by noted American authors in 25 Veterans Administration and Department of Defense medical facilities as well as V.A. centers across the nation.

#### ***International Initiatives***

When I came to the NEA in 2003, I was dismayed to learn how little was done in international cultural exchange. Over the past few years, the NEA has focused on developing several programs that showcase America's artistic creativity and excellence abroad. We now provide assistance to U.S. music and dance ensembles invited to perform in international festivals, and we have joined with the Open World Leadership Program to support short-term residencies for Russian artists and arts administrators with U.S. arts groups.

As a partner in the State Department's Global Cultural Initiative launched in 2006, the NEA has begun a series of international literary exchanges with Russia, Mexico, Egypt, Pakistan, and other nations. The State Department has recognized the potential of *The Big Read* to serve as an effective vehicle for cultural diplomacy. *Big Read* programs have now been initiated as mutual cultural exchanges between the U.S. and Russia, Egypt, and Mexico. American novels are featured in civic reading programs in those nations while classics of Russian, Egyptian, and Mexican fiction have become part of the U.S. domestic program. These literary exchanges also provide the basis for exciting

human exchanges as groups of writers, teachers, and librarians visit the host cities in each nation.

### LOOKING TO THE FUTURE

At least two major challenges face the NEA and the citizens it serves. The first is the diminished state of arts education in the nation's schools. There is now an entire generation of young Americans who have not had the arts play a significant role in their intellectual and personal development. This trend is not merely a cultural matter but a social and economic one. As these young men and women enter the new global economy of the twenty-first century, many of them will not have had opportunities to develop the skills of innovation and creativity they need to succeed. American schools need help to better realize the full human potential of their students. While we are proud of our current arts education programs, we are also deeply conscious of the millions of students, especially in the earlier grades, whom we do not reach at all.

The second challenge speaks to an even broader issue, namely America's place in the world. The United States needs to expand its cultural exchanges with other nations. This investment in cultural diplomacy would not only benefit American artists by providing them with greater opportunities, but more important, it would help the nation itself more effectively communicate with the rest of the world in ways that transcend political and economic issues. The arts have the potential to represent the best aspects of a free and diverse democracy in a way that speaks to the hearts and minds of people everywhere. It would be an enormous missed opportunity if the United States did not use the creativity of its own people in addressing the rest of the planet.

As we contemplate the future of the National Endowment for the Arts, we remain confident in the continuing relevance of our mission to bring the best of the arts—new and established—to all Americans. The Arts Endowment's goal is to enrich the civic life of the nation by making the fruits of creativity truly available throughout the United States. In a dynamic nation with a growing and diverse population, this goal will remain a constant challenge, but a great nation deserves great art.

**Dana Gioia**  
*Chairman*  
*National Endowment for the Arts*

Nominated by President George W. Bush and confirmed unanimously by the U.S. Senate, Dana Gioia has served as the ninth Chairman of the National Endowment for the Arts since 2003. He began his second term as Chairman in February 2007.

Mr. Gioia, 57, is a poet, literary critic, educator, and former business executive. A native Californian of Italian and Mexican descent, Gioia was the first member of his family to attend college. He received a B.A. and a M.B.A. from Stanford University and a M.A. in Comparative Literature from Harvard University. For 15 years he wrote at nights and weekends while working as an executive for General Foods in New York, eventually becoming Vice President of Marketing.

Gioia has published three full-length collections of poetry, as well as eight chapbooks. His poetry collection, *Interrogations at Noon*, won the 2002 American Book Award. A critic, as well, Gioia's 1991 volume, *Can Poetry Matter?* which was a finalist for the National Book Critics Circle award, is credited with helping revive the role of poetry in American public culture.

Gioia's many literary anthologies include *Twentieth-Century American Poetry*, *100 Great Poets of the English Language*, *The Longman Anthology of Short Fiction*, and *Literature: An Introduction to Fiction, Poetry, Drama, and Writing*. His poems, translations, essays, and reviews have appeared in many magazines including *The New Yorker*, *The Atlantic*, *The Washington Post Book World*, *The New York Times Book Review*, *Slate*, and *The Hudson Review*. Gioia has written two opera libretti and is an active translator of poetry from Latin, Italian, and German.

Before becoming NEA Chairman, Dana Gioia was a long time commentator on American culture and literature for BBC Radio. Trained in music, Gioia served as the classical music critic for *San Francisco* magazine from 1997 to 2002.

In 2001, Gioia founded "Teaching Poetry," a conference dedicated to improving high school teaching of poetry. Also, he is the founder of the West Chester University Conference on Form and Narrative, the nation's largest annual all-poetry writing conference.

Dana Gioia has taught as a visiting writer at Johns Hopkins University, Sarah Lawrence College, Colorado College, Mercer University, and Wesleyan University. He is the recipient of eight honorary degrees and has served on the boards of numerous arts organizations.

He and his wife, Mary, have two sons.

Mr. DICKS. Mr. Gioia, I want to just say I really do believe you are doing an outstanding job, and I think these are tremendous programs.

And I guess the thing that I am most concerned about is that, last year, Congress tried to help here by adding \$20 million to the budget, but we find this year that that money has been taken out of the President's 2009 budget.

Can you explain this decision?

#### NEA LEADERSHIP

Mr. GIOIA. We are grateful for the budget increase that Congress gave in 2008, and I believe that we put it to good use. I support the President's 2009 budget, but I also took an oath to support and defend the Constitution of the United States, which says the budget process begins in the House of Representatives, and which is the purpose of this meeting today.

Mr. DICKS. That is the right answer. I am glad you remember that.

Mr. CHANDLER. That is the only one he had.

Mr. DICKS. And, as you said, there is no evidence that the funding has been in any way misspent, or there is no real reason I think, other than just for budgetary reasons, to try to reduce domestic discretionary spending, that this was cut. I don't think this was because the agency wasn't using the money effectively. I think you can say that for certain.

Mr. GIOIA. We are very confident that we have the approval, in terms of our programs, both of Congress and the White House.

#### REACHING UNDERSERVED COMMUNITIES

Mr. DICKS. The other thing I would say, we talk about having a program in every single congressional district, and I think that is fine. But I wouldn't want to have one if there wasn't something worth funding. In other words, I don't think we should just automatically do that. I think by being in every State and most of the congressional districts, that would satisfy me at least. I think the goal is a good goal, but I wouldn't hold yourself to that if there wasn't something that you could fund that was meaningful and appropriate.

Mr. GIOIA. The challenge that we gave our directors—and I want to compliment the superb work that the discipline directors of the NEA have been doing over the last 5 years—was to find a program, at least one program in every district of the United States which we could enthusiastically support, so that we would increase the democratization of the agency without in any sense dropping our standards.

I lived in New York 20 years, and I have the greatest appreciation of the quality of arts programs in New York or Los Angeles, my hometown, or the San Francisco Bay area where I also have a home in California. But I have also lived in other parts of the country and I have traveled virtually every week for the last 6 years, and I am continually impressed by the quality of arts organizations across the United States.

It is inconceivable to me that we can take any area of the United States which has three-quarters of a million people—which is to

say, a congressional district—and not find at least one group of the highest quality that is worth supporting.

In fact, my problem is just the opposite. When we go to a town that we've never been to before—we meet the local arts organizations, we visit the museums, attend programs—we are impressed by the multiplicity of programs that deserve Federal support. So really, our problem is to pick the best out of many worthy applicants, versus the opposite.

Mr. DICKS. It sounds to me like you need a little more money in order to be able to more fully meet your responsibilities.

Mr. GIOIA. I can't imagine that there is any agency head in Washington who sees the opportunities which each service has that does not feel they could make wise investments with more funds. And I certainly do believe that this is the case with the Arts Endowment.

Mr. DICKS. Mr. Tiahrt.

Mr. TIAHRT. Thank you, Mr. Chairman.

#### DECLINE IN READING

Mr. Gioia, you noted the "To Read or Not To Read: A Question of National Consequence" study that you have done in the NEA that details the disconcerting decline in voluntary reading in the United States.

If this analysis is accurate, what conclusions can you draw from the potential short-term and long-term implications to our society from this study?

Mr. GIOIA. The "To Read or Not to Read" is a very sobering study. I mean, I think we have created a situation in the United States where there is so much entertainment media, so many distractions, that we have a generation of kids that are losing their ability to do sustained, focused attention, which is something that not only affects reading but affects their command of a lot of subjects, from mathematics, science to economics.

It is very clear from the data that we have that there is a linear relationship between how well people read and what their educational achievement is. There is also a linear relationship between educational achievement and economic performance.

I worry that we are not producing a generation of students, of young adults, who will be able to compete effectively in a global economy. This has, obviously, effects both on individual lives, but collectively it affects the economic future of the country.

You know, we need to make sure that not simply our educational program but the society and culture around the educational program reinforces these critical skills.

Mr. TIAHRT. I think the statements that are made in that study are something we all need to be concerned about, because the shortfall of reading, as you say, affects all of us, but there are individual lives, too, that are cheated out of a bright future because they just are not given the opportunity or encouraged to participate in reading.

Mr. GIOIA. And you could look at it almost in the way of the upside and the downside. People who read better do better, and people who really can't read at all end up unemployed. More than half of Americans who read below basic are unemployed.

And so I think both in a sense for achieving the potential of the society and in a sense preventing people from hitting the downside, reading is one of the fundamental skills that needs to be better reinforced in society.

#### OPERATION HOMECOMING

Mr. TIAHRT. Using the success of Operation Homecoming as an example, the Department of Defense and Boeing teamed up to provide an opportunity for people in the military to write. Now, you have talked about expanding that to the Veterans Administration. And I think you call it "Operation Homecoming: Writing the War-time Experience."

The Department of Veterans Affairs is more likely to get a cash infusion from the budget this year than the NEA is, or at least that is the way it looks from the President's budget. Is there a way that we can utilize the partnership concept that you have developed with Boeing and the Department of Defense within the VA, to help them fund some of the activities that you hope to accomplish?

Mr. GIOIA. Yes, we are hopeful for this. And, actually, we had conversations with Secretary Nicholson about this earlier, and we have worked with them in terms of developing the program, so, yes.

#### FEDERAL PARTNERSHIPS

And I want to say that we have actually taken a number of Federal partnerships that are very important to us. The Institute of Museum and Library Services is helping us co-fund The Big Read. The Department of Justice is now helping us do after-school theater programs for at-risk youth. These allow both agencies to achieve their goals in a very cost-effective manner with programs with proven effectiveness.

Mr. TIAHRT. Mr. Chairman, in the consideration of time, I think I will just stop my questions here and pass on to the others, so we can move on.

Mr. DICKS. Thank you very much, Mr. Tiahrt.

Mr. Moran, our vice chairman of the Interior Subcommittee.

Mr. MORAN. Well, thank you very much, Mr. Chairman.

And thank you for your consistent and strong support of both NEA and NEH. In other words, the arts have been a priority of this subcommittee, and have been consistently over the years. And I think the Republican side, at least those on this subcommittee, that—it hasn't always been the case, but I think we have reached a consensus that these are programs well worth funding.

And that is why I am kind of embarrassed I don't have any hardball, probative questions for you. All I have are softballs.

Mr. GIOIA. I'm willing to take those.

#### DECLINE IN READING

Mr. MORAN. A couple of things I wanted to ask you about. I appreciate the focus that you have shown on reading in America, Mr. Gioia. That is really, sort of, the basic source of the ability of our people to appreciate the arts.



A couple of things. We are finding in some of our school systems, particularly with people where English is a second language, the best way to get children reading is to involve their parents in the process, many of whom, particularly some of our first-generation Hispanic families, the parents are illiterate in their own language, and so we are teaching them after school how to read to their own children. And we have had phenomenal results.

Have you been doing any of that, in terms of any of your grants?

Mr. GIOIA. Well, teaching basic literacy is really beyond the charter of the NEA. What we are trying to do is, if you look at the data, it suggests that we are doing a better job than ever before of teaching elementary school kids to read. The problem is, as they enter adolescence, usually between the ages of 11 and 13, and 13 to 15, you see this really scary drop-off.

What we are trying to do is to take these kids who local, State and Federal governments have invested billions of dollars in terms of learning to read and make sure that they maintain and develop those skills in this crucial danger period. So our programs are focused primarily on the high school, sometimes into the middle school, level; and to also use things, like you see with the television we are doing, radio we are doing, CDs we are doing, to reinforce reading with electronic media.

Mr. MORAN. It is great stuff. You know, I can't help but notice Mrs. Slaughter and Mr. Shays right over your shoulder there. We used to have a very vibrant arts caucus, but lately, all we have been doing is damage control, you know, trying to fight to keep a decent level of funding. And so we hope we can expand the role of both NEA and NEH and get beyond having to fight for every dollar, but being able to take advantage of these opportunities.

#### ARTS EDUCATION

The other thing I wanted to ask you about is the integration of arts with the basic learning process. We are getting more and more data that particularly with some children, if you can integrate music with reading, in other words the aural with the visual, that both are enhanced.

I think you have done some work on that. Do you want to elaborate on that a little bit?

Mr. GIOIA. For the last 4 years, we have been working with The Dana Foundation, which has funded extensive cognitive neuro-scientific research about the impact of arts education on broader cognitive functions. They have recently announced their data, and scientific data now demonstrates that early instruction in music creates higher cognitive functions. It affects everything from geometric reasoning to linear reasoning and other types of attention that require focused, sustained attention.

So I think that we can say, both anecdotally, which we have had evidence of for many, many years, but now scientifically, that when you give children arts instruction, it has a general positive impact on most of the learning that they are doing.

Secondly, if you take arts out of the educational system, you start to see things which are a little softer but very important. Attendance improves in schools which have arts education programs. As Woody Allen once famously said that 90 percent of success is

showing up. And you certainly can't succeed in a school if you don't show up.

So we think that for things as basic as attendance and as central as, in a sense, developing cognitive pathways in your brain, that arts education, early, middle and late, is really important for academic success. It is a foolish economy to eliminate that from the school system.

Mr. MORAN. Wonderful. Well, I think we are going to see a new renaissance of the arts. And people like Louise and, I know, Norm and so many others have been deeply involved in achieving that, and I think it is about to flower.

I am not going to ask a question about it, but I was very much interested to see your description of one of the reasons why we have fewer people reading. And of course that is the electronic media. And you have observed, or maybe it is one of the people who have worked with you, that you are not as likely to reflect when you are seeing information on a screen as when you are holding a hard-bound copy of a book in your lap and reading.

And these are the things that we need to understand, and we need to figure out how to enable this country to fully appreciate all that life has to offer. And one of the most wonderful things life has to offer is the arts. So thank you, Dana, for all you are doing.

Mr. GIOIA. You are very welcome.

Mr. DICKS. Mrs. Emerson.

Mrs. EMERSON. Thank you, Chairman.

#### REACHING UNDERSERVED COMMUNITIES

Mr. Gioia, thank you so much for being here today.

When you met with me in my office, gosh, last month now, there were several things about which we spoke. I want to mention one thing that is important to me. I mean, I live in a very, very rural area, and every single municipality of mine is actually classified as rural. And the citizens who live in my district don't have as many opportunities, obviously, as those who live in metropolitan areas.

How is the NEA making rural communities and schools aware of your programs, as well as encouraging participation?

And secondly, how is your budget for 2009 going to actually impact outreach to these rural communities?

And then, third, are there materials or resources available on the Internet that would help supplement anything that either you all might be able to do or that schools in our communities could tap into to enhance those opportunities?

Mr. GIOIA. I am happy to answer that question because it really speaks very directly to many of the major strategic decisions that we have made over the last 6 years.

First of all, we reach rural areas directly both by making sure that we have a grant in every district. And a substantial amount of the United States remains rural.

Secondly, through our partnerships with State arts agencies, where 40 percent of our budget goes, they do a terrific job in terms of taking that 40 percent and distributing it broadly across their own States.

But on top of that, the vision of the national initiatives is to take artistic programs of the highest quality and bring them to places that they would not easily reach otherwise.

#### SHAKESPEARE IN AMERICAN COMMUNITIES

For example, our Shakespeare program. We have had, as of last year, 65 companies; I believe this year 77 companies cumulatively. And they tour mostly small and mid-sized communities. NEA is proud to say that we have brought the local premiere of the works of William Shakespeare to many communities, which would be a hard thing to do, you would think, in the 21st century in an English-speaking country.

About 70 percent of the kids that see this have never seen any play at all. So they have not only a chance to see the play that they are studying in high school, but actually see a live play done by one of America's leading professional companies.

#### IMPACT OF NEA PROGRAMS

Poetry Out Loud, once again, reaches all communities that are participating, large and small. The Big Read is designed that it can be done in anything from a metropolitan area to a village, and we size the grants accordingly.

On top of this, we try to develop material—for example, you saw the Ray Bradbury film; you have copies of our CDs and radio shows; readers' guides; teachers' guides; our Shakespeare kit, which includes films, audio material, print material, classroom material—and we make those available to all American teachers in public, private, or home school networks. We are now reaching about 20 million kids, which is probably somewhere over two-thirds of American students.

Those we work both through professional organizations and with Members of Congress to alert their constituents. And, as many of you know, when we come in to meet with Members of Congress, we ask you to name any high school in your district, and we can demonstrate that our material reaches that, because we have printouts by school, by teachers.

So have we reached 100 percent of the U.S.? No, we haven't. But I suspect now with material like the Shakespeare material we have reached probably a broader percentage than any arts program in history of the United States. And we are very proud of that, because until we reach every kid in every classroom with this, I don't think we have really fully done our job.

#### PRESIDENT'S REQUEST

Mrs. EMERSON. Now, so you are not too concerned that the budget will have a negative impact at all on additional outreach?

Mr. GIOIA. Well, we will have to make significant cuts in our current programs with this budget. We will do it—if that is the budget, we will do so judiciously and try to make sure that we do things proportionally. But, yes, it would affect the reach of the programs, without question.

## THE BIG READ

Mrs. EMERSON. Let me also ask you, if I could, about The Big Read program, which is phenomenal, and I love the whole idea of it. I was looking at the map of communities or States where these programs exist, and it, interestingly enough, really is very much skewed toward the eastern half of the United States, at least according to the map that we got on your Web site.

Can I ask what—I mean, obviously—and you also mentioned that you are talking with us who are Members of Congress so that we might be able to assist here. But what else are you all doing to encourage active participation by communities and schools in The Big Read west of the Mississippi? And how will this program be impacted by your budget that has been significantly cut?

Mr. GIOIA. Well, The Big Read will be, by the end of 2008, in virtually every congressional district in the United States. The population density in the Northeast and Mid-Atlantic on a map, you know, will naturally be a little denser. But we are systematically going across the United States. We have over 200 cities that have applied for this next wave. We have taken that, we have laid it on the map to see where the holes are, and we are working to develop further applications from areas which have not applied.

## REACHING UNDERSERVED COMMUNITIES

Traditionally, the NEA had an attitude which was that we accepted the applications, we judged the best application, and we gave grants accordingly. That is a very good method of funding the best of current arts organizations. We have become considerably more activist over the last 5 years, because we figure that there are a lot of smaller communities where the arts organizations are younger or less developed or they do not have professional development departments and they are reluctant or intimidated to apply. Believe it or not, some people are intimidated by the Federal government. And we need to work with those organizations to show them that we are collaborative and we want them to succeed.

And I don't think that there is any member of The Big Read team that doesn't feel an imperative to make the program truly national and democratically representative of the full country. And so that is our goal.

As with our Challenge America, we have hit the 100 percent goal now 4 years in a row. It is a little harder to ramp up The Big Read program because we are creating partnerships by cities. But we are confident that we will be virtually in every community across the United States as the program matures. That is our goal.

Mrs. EMERSON. Thank you, Mr. Gioia.

Thanks, Chairman.

Mr. DICKS. Mr. Chandler.

Mr. CHANDLER. Thank you, Mr. Chairman. And I want to start by thanking you for your steadfast support for the arts. It has been first-rate and difficult at times.

My fellow Kentuckian, Louise Slaughter, thank you for your steadfast support and advocacy for so long. I couldn't help but give a nod to my special friend.

## NEA LEADERSHIP

Mr. Chairman, you, are very impressive in what you have done, for starters, but also today in the way that you are able to very skillfully dance between the President's most unfortunate budget and your own goals and objectives and your constituency. So I give you high marks for that. Very beautifully done.

I am a big supporter, of the arts in so many ways. And your quote, "That a great Nation deserves great art," is so very true. And the art that nations produce and civilizations produce are often the only things that those civilizations are remembered for in the long term.

So I think it is very important that we do whatever we can to invest in this, to invest as strongly as we can manage. And I know that this committee is going to do that, that this committee is going to make that effort. And I know that folks throughout the country are going to make good use of it.

I applaud you for the use that you have made of it throughout the country to try to further democratize the arts. To gain popular support for art efforts throughout this country, I think is a very good idea, and I applaud you for that as well. You know, in a society like ours, we have to build broad public support to have the opportunity to fund these kind of programs fully. So hurray for you.

I also appreciate some of the things you have done in my State of Kentucky. Kentucky State University was involved in The Big Read, and it was quite a success there. We have a special little arts community in the town of Berea, and I know that you have been working hard with that locality and that community, and I appreciate that as well.

Quick question, because I don't have any very difficult things to throw at you either, but I am curious about how you managed to further democratize this process and spread it out throughout the country.

How did you do that with the budgets that you are provided? What did you have to take away from? I assume that whenever you add something, you almost always have to subtract something, particularly with the austere budgets that the arts have faced in the last several years.

## NATIONAL INITIATIVES

Mr. GIOIA. Well, I am happy to say that we have been able to add the national initiatives to our budgets without cutting any of the continuing programs. And we have done that because we work in partnership. And as we develop an idea—although I am a poet by profession, for many years I had a day job in business. And one of the things that we learned in business was the importance of test-marketing new ideas; taking a new idea, bringing it into a small set of towns, seeing how it works to make sure that, as we expand it, we may expand it as efficiently as possible.

Our manner has been to take these initiatives, test them under relatively modest beginnings, to get as much efficiency and effectiveness out of that, while we build essentially support from Congress and the President to fund those ideas, as well as bringing private partners in. So we have been able to, both through Federal

partnerships and in a few cases, as with Boeing and the Operation Homecoming, to be able to fund these without the use of public dollars. And when people see how effective and how important the programs are, we have been able, with the support of this subcommittee, to build basically the support.

And if I can say one more thing about the democratization, the important thing to understand is that we serve the American people. And nowhere in this country, big city, medium-size or small city, is there not a need for the arts in the community and in the schools. And we look at our job to fulfill this vast and largely unmet need in the country. And I think we are making progress, but there is much more work to be done.

#### THE BIG READ

Mr. CHANDLER. Well, I am very pleased also to see you focus on books and reading. I, like so many other people, am in love with books, like Mr. Bradbury, absolutely in love with books. And it is so important to the future of our country and to learning in general. I don't think there is anything that is more important, any one single thing that is more important than reading.

And the great thing about the arts—and I don't know if you have actually put it this way, but the great thing about the arts is that it has the potential to make reading fun for people, and particularly for young people. And that is why I think it is so important.

Mr. GIOIA. Well, you know, one of the other things, if I could make one more comment, about The Big Read that is significant is that, when we go into a community, we get between 100 and 200 partners in the community. So the local theater company will put on a production of the play of "To Kill a Mockingbird," which they might bring to the schools; the local symphony will perform the Elmer Bernstein score as part of their programming; the libraries, the teachers, sometimes the District Attorney will re-enact the trial from "To Kill a Mockingbird."

So what it is is it becomes a way of all the arts and the civic organizations in the community, sort of, to galvanize their support so we can create the incredible situation where a kid actually hears something that they learn in school repeated outside of school, which gives them, in a sense, the social utility of learning.

So I think that the kind of partnerships we create across all the arts and civic organizations is really part of the social capital that is created by this program. So it helps not only reading, but it helps community-building.

Mr. CHANDLER. Well, Chairman Gioia, thank you for a job well done.

Mr. GIOIA. Thank you, sir.

Mr. DICKS. Mr. Calvert.

Mr. CALVERT. Thank you, Mr. Chairman.

Chairman Gioia, I am new to this committee. I don't really have any questions other than to say that, since we are both from southern California, we have been accused of living in a cultural wasteland. And based on some of the content coming on TV, out of Hollywood, it is sometimes pretty difficult to defend ourselves. But I know you are going to extract us from that reputation with the great job you are doing.

And, in the interest of time, I have no questions, Mr. Chairman.

Mr. GIOIA. Well, if I could simply say that Ray Bradbury is a southern California writer, so we are also bringing the best of Southern California. And the Los Angeles/Long Beach area now has more artists than any other area in the United States. And so the arts are very important to the California economy.

Mr. DICKS. Mr. Pastor.

Mr. PASTOR. Thank you, Mr. Chairman. Good morning.  
Good morning, Mr. Gioia.

#### ARTS EDUCATION

When you responded to the Chairman on the question on your budget, you said that the House of Representatives started the appropriation process. And I am going to ask you a hypothetical because I agree with you that, today, one of the major challenges that we have in our public education system is the diminished state of art education. Because the emphasis is on achieving and failing and scoring schools, that, at least the little bit of knowledge I have in Arizona, is that physical education and art education, music, all those very elements are being reduced or eliminated in our public schools.

I know that there has been different efforts throughout this Nation in trying to connect the public education system with museums, with symphonies, et cetera. I know that you have a Chairman of this subcommittee who is very sympathetic to increasing the value of art in our Nation.

If you were to get an increased funding above the President's budget, would there be any initiative that you would implement that would start working with your idea, as you say, build partnerships, so that we could begin addressing and overcoming the challenge of diminishing art education in public schools?

Mr. GIOIA. You know, Congressman, you asked a very good question, and I think it touches on one of the major opportunities in the United States.

#### ARTISTS AND ARTS EDUCATION

We are about to publish a report on artists in the workforce. There are 2 million Americans who define their primary occupation as artist. Most of these people are highly trained, far better educated than the average American in the workforce. But they are not unemployed, but underemployed.

You have musicians, dancers, actors and other artists who are in a community, they have the training, they have the skills, and they also have time. We would be able, in a sense, to create art programs for every level of American education by drawing on artists from their own communities and create partnerships between the school system and the arts community to fill this unmet need in American education.

I think that that is one of the major areas for future development for the Arts Endowment, which is, in a sense, to bring what the arts community has and what the school districts need together.

Mr. PASTOR. As you know, in Phoenix we have a wonderful art museum, you have been there, Phoenix Art Museum. And you supported the art museum with some grants. But one of the problems

has been that the school districts, the public education system, doesn't really take advantage of the facility.

I know that in Chicago, several years ago, Mayor Daley set up the program in the educational system where he provided monies and personnel in the city so that links would begin to develop between the art museums and the school districts where projects were developed.

Do you think a program such as this would be successful in, again, adding to the art education of our children?

Mr. GIOIA. Well, you know, all of our national initiatives have a major educational focus. What we have learned is American teachers, they are very busy, they have enormous commitments that they have to meet in terms of their current duties, and therefore many of them are reluctant to take on new programs.

With our Shakespeare program, our Jazz in the Schools program, our Big Read program, the American Masterpieces programs, we have tried to create programs and materials which, in a sense, fit into the existing curriculum and are almost turnkey operations that a busy teacher can bring them in, we can show them where to put it into their lesson plan, how they fit with the State and Federal testing requirements, so that these programs make their lives easier, rather than harder.

So I think that you can do this, but you have to do it in a way which acknowledges the workload and commitments of teachers. So there is a certain amount of expertise, and I am happy to say the NEA has developed that expertise.

So I feel that we could do this successfully. You know, once again, you need to test it first and develop it so that you make sure that it is as efficient and as effective as possible.

#### INTERNATIONAL CULTURAL PROGRAMS

Mr. PASTOR. I will end with this second question, and it goes to your second challenge, about the United States not expanding its cultural exchanges with other nations.

Almost every city in this country has a sister city somewhere in the world. I know that Phoenix has a number of sister cities. And on a number of weekends, especially in the spring, they have the festivals.

Have you thought about any linkage with the National Endowment for the Arts and the sister city program so that we might meet and overcome the second challenge?

Mr. GIOIA. We have only done that in a very limited way. We have greatly expanded international programs, but I have not expanded them to anything close to their real need because I want to make sure that we cover our domestic needs first. Our primary focus has been with Mexico, which is the country with which we share a large common border and an enormous number of common citizens. My own mother was Mexican American. So we have created many programs with them. And our Big Read Program—now that we have Big Read programs internationally with Russia, Egypt, which is co-funded by the State Department and Mexico, we are trying to identify sister cities in those nations to sponsor these programs. But that is about as far as we have taken it. And I think that there is enormous opportunity there. Many cities have sister



cities in each continent so that there is a real wealth of pre-existing connections there.

Mr. PASTOR. I yield back, Mr. Chairman.

Mr. DICKS. Thank you very much. Thank you, Mr. Chairman. And I think you can tell this committee is very supportive of the direction you are taking the NEA in and we are going to do our best to work on your budgetary problem and see if we can restore it.

Mr. GIOIA. I know I speak on behalf of all of my colleagues at the Endowment. I thank you for the continuing support of this subcommittee. And I am so delighted that Congresswoman Slaughter and Congressman Shays will also be testifying in this. They have been great friends to the Endowment.

Mr. DICKS. Thank you. Now we are going to call up two of our favorite colleagues, Louise Slaughter from New York, via Kentucky, who is the chairman of the House Rules Committee, and Chris Shays of Connecticut, two of our most thoughtful and respected Members who are the co-chairs of the Arts Caucus here in the House of Representatives. Louise, you may start. I want to say first of all, however, I appreciate all of your work together over the years and on the floor. When we were advocating for these agencies, you and Chris made a big difference in educating our colleagues about the importance of the endowments.

Ms. SLAUGHTER. Thank you, Mr. Chairman. I really appreciate that and I certainly appreciate your support. And I see Mr. Tiahrt this morning is here.

Thank you, Mr. Dicks. I apologize first for my scratchy voice. I have three grandchildren in elementary school and I am more than supplied with the daily requirement of viruses. Thank you so much to you and the ranking member, Mr. Tiahrt, for allowing us to come and testify today and thank you so much from the bottom of our hearts for the help you have given us over the years. As you pointed out, we went through some very dark days, Mr. Dicks. But as I said this morning, I think happy days are here again. I want to thank you.

I would like to begin by addressing Mr. Pastor's question about failing schools and what to do about schools. Rochester, New York, was represented years ago by very able people. Somebody persuaded George Eastman that every schoolchild in the city should have a musical instrument. And that was provided for many, many years by the Eastman Kodak Company. And that is why I think that Chuck Mangione plays the flugelhorn and Mitch Miller plays the oboe because probably when they got to the Ms, the more popular instruments had been taken. And of course, Cab Calloway did okay because his voice was his instrument. But any school that is failing, any school that is falling behind would do well to look to the arts. What we know now, and Mr. Chandler brought it up, what we know now about the developing mind and art is so overwhelming and so astounding that we should spend more and more money on arts in school. What we have seen already with children as young as 3 and the things that they are able to do and when we heard from Westinghouse years ago during our dark days, Westinghouse said they wanted to hire people who had musical backgrounds and had studied music because they were innovative, they

were creative and he appreciated it so much. We did come very close to losing the Endowment completely. And it was people who stood up outside, like the Conference of Mayors, county legislators, State legislators, are all people who said no, don't do that.

In addition, I firmly believe that any child that learns to create is not going to be destructive, is not going to destroy. We have seen what it does for self-esteem and teaches them things. But the correlation between the brain and the way it learns and the way it goes over to other studies is so critically important to us. And with the sorry state of education in large parts of the United States right now, my favorite was the young woman who—high school graduate who was asked on some program—I am not sure what it was—how smart are you—what country—Budapest was the capital. And she said I have never heard of it. And they said it is in Europe. She said, oh, I thought Europe was a country. And when they said no, it is the country of Hungary, she said I have never heard of Hungary. I know Turkey, but I have never heard of Hungary. This is the kind of thing that I think really ought to make us sit up and take notice and do whatever we can do to enhance the learning and the ability of our young people to understand this world they are in and to read, which is another thing that the Endowment does.

But anyway today, I really want to thank you for coming again. We had a successful year last year and we hope for another. I do appreciate all of your efforts and I want to thank my colleague, Chris Shays, who has been my partner in everything that we have done, worked with me over the past 10 years to restore funding. We did all right. The arts define our culture and instill unique character in the communities across our Nation. Art transcends the barriers of language, time and generation, translating cultural differences, breathing life into history, and reaching experiences across cultures. Recognizing this, and the inherent educational benefits of exposure to art, the Federal government has allocated Federal funding to the NEA to promote the development and advancement of art programs across the country. In the late 1980s and early 1990s, Congress funded the NEA at \$170 million to carry out its mission to support excellence in the arts and ensure that all Americans have access to the arts. But the funding was slashed so prodigiously in 1995 and 1996 and has never yet recovered from that 40 percent cut. Last year was a breakthrough year for us, thanks to Chairman Dicks and Mr. Tiahrt and other members of this subcommittee. We received a nearly \$20 million in increase in funding, thanks to you. But its invaluable programs remain seriously underfunded and the agency continues to struggle to meet the growing demands for its important programs.

The National Endowment for the Arts is the largest national source of arts funding in the United States and supports local arts programs in every congressional district across the country. While NEA's budget represents less than 1 percent of total arts philanthropy in the United States, the NEA grants have a powerful multiplying effect, with each grant dollar typically generating 7 to 8 times more money in matching grants. No other Federal agency and no private organization facilitates nationwide access to the arts to this extent. And it is therefore no surprise, but very important

for everyone, to know that the nonprofit arts industry generates \$166.2 billion in economic activity every year, provides nearly 6 million full-time jobs and at the same time the industry returns to this Federal budget \$12.6 billion in income taxes. And I defy anybody anywhere in the Congress to find any other program we fund that has that kind of return.

Federal funding for the arts has a ripple effect on the entire economy. Across America, cities that once struggled economically are reinventing and rebuilding themselves by investing in art and culture. Both are proven catalysts for growth and economic prosperity. By creating cultural hubs, nonprofit art businesses help cities to define themselves, to draw tourists and to attract investment. Federal support for America's nonprofit cultural organizations must go on if we hope to continue the substantial benefits they bring. And as I said, not only economic, but educational.

In addition to the economic benefits, we must continue to cultivate exposing our children to the arts. It is essential if we ever hope for them to reach their fullest potential. Exposure to the arts fosters learning, discovery and achievement in our country. Research has proven that participation in arts education programs stimulates the creative, holistic, subjective and intuitive portions of the human brain. More significantly, educating children in arts also educates them in the process of learning.

Researchers from the University of California at Los Angeles found students with high arts involvement perform better on the standardized achievement tests than students with low arts involvement. Indeed, if you have been exposed to art 4 years in high school, your SAT grades go up on the average—or points rather—on an average of 59 points. Indeed—and I think it was mentioned before by Mr. Gioia—but on arts days in schools nobody is absent. They love it. And parents, any time schools start to cut back on the art programs have been saying that they change that.

So employers are looking for people who know how to learn, and learning through the arts will reinforce the crucial academic schools in reading, language and math. But just as important, it will also teach them self-respect, knowing the skills that they have helps them to develop and to grow and to analyze and synthesize information which we must have.

Educating the children early and continuously in the arts will prepare them for the work in today's innovative and creative post-industrial society. But they are not what ultimately draws people to the arts. People seek experience with the arts for emotional and cognitive stimulation. We all know the transformative power of a great book or painting or a song. A work of art can evoke extraordinary feelings of captivation, deep involvement, amazement and wonder. This evocative power is so rare in a world where we tend to grasp things almost exclusively in terms of their relation to the practical needs and purposes. Stimulating this mental and intellectual activity not only enhances our creativity and imagination, it strengthens our ability to empathize with others and deepens our understanding of the human spirit.

In today's globalized world, these factors must not be ignored. We cannot assign a price tag to the intrinsic benefits that the arts bestow on individuals and across communities and society at large.

I understand that there are many important requests before your subcommittee and many Federal agencies struggling to overcome the funding shortage. But I am compelled today to ask that you take into consideration the return we get on our investment in the arts. American artists share with us a piece of their spirit and their soul with every creation. It is a labor of love for the artist, it brightens the life of each of us, bringing us joy and comfort and enlightenment and understanding in ways impossible to find otherwise. And the arts and artists of America are a national treasure which this great Nation needs, deserves and must support, as do other nations around the globe.

Again, I thank you for the opportunity to testify before you today and urge your continued support for the NEA funding.

Mr. DICKS. Thank you for that wonderful statement, and we appreciate your leadership over the years. You have been a stalwart in the House in support of the arts and I have enjoyed working with you and we will continue to work together. And now I will call on your co-chair, Chris Shays from Connecticut, who is again one of the most respected Members of the House and also a leader in the arts advocacy area.

Mr. SHAYS. Thank you, Mr. Dicks, and to your committee, Mr. Tiahrt and the other members. I will submit my statement for the record.

Mr. DICKS. Without objection, it will be submitted.

[The statement of Mr. Christopher Shays follows:]

**Statement by Congressman Christopher Shays  
In support of the National Endowment for the Arts  
Interior Appropriations Subcommittee  
April 1, 2008**

I appreciate the opportunity to testify today in support of increased funding for the National Endowment for the Arts (NEA).

I respectfully ask you to increase funding for the NEA to \$176 million in fiscal year 2009 (FY 09). The NEA was last funded at this level in 1992, and its programs remain seriously underfunded.

I am also grateful to the committee for appropriating \$144.7 million in FY 08, an increase of \$19 million, and the largest increase for the arts in 28 years. Your continued support for the arts is critical to the NEA's ability to continue to provide successful grants and services on which our local communities rely.

As Co-Chair of the Congressional Arts Caucus with my colleague, Louise Slaughter, it has been a privilege to work for increased federal support for the arts.

I grew up in an arts family. My Mom and Dad, both performing actors, met in the theater. Listening to my father play the piano each night and hearing stories from their days on the stage gave me an appreciation for creative expression.

I know the arts make a significant contribution to our lives.

The NEA supports artistic excellence and improves access to the arts. Through its core programs, the NEA awarded grants in every Congressional district.

In fact, last year I was honored to have NEA Chairman Dana Gioia (Joy-a) and First Lady Laura Bush come to my hometown of Bridgeport, Connecticut, for the Big Read.

The Big Read brought together people of all ages and classes from four towns in our region -- Bridgeport, Shelton, Norwalk and Stamford -- to read To Kill a Mockingbird. A local group of student actors performed a scene from the book, followed by a panel discussion about the book and the importance of literacy.

It was a wonderful day that capped off many months of reading and discussing an important work of literature across our community.

Just last week, I participated in an Arts and Culture Funding Forum, also in Bridgeport, to provide a series of workshops to identify funding sources for individuals and organizations involved in the arts. The impact of the NEA and the arts on our local communities is clear and the support of our constituencies is compelling.

The NEA in the Fourth Congressional District of Connecticut houses 3,127 arts-related businesses that employ 12,221 people.

The arts fuel innovation and creativity – the basis of our economy. From museums to symphonies, and from theaters to classrooms, the arts should play a central role in the discussion about how to make our country more competitive and how we foster innovative thinking.

This year, the Arts Caucus is supporting \$176 million in FY 09 funding for the NEA's core mission and to expand popular initiatives like *American Masterpieces*.

Mr. Chairman and Mr. Ranking Member, the arts have had a profound impact on my life, and I want Americans of every generation, class, race and creed to have the same opportunities, should they choose. Investing in the National Endowment for the Arts helps provide that opportunity.

Thank you for your support of the NEA.

Mr. SHAYS. I want to make a few points. First off, I think Louise covered it well. But I tell people—and we are at a table—I eat the crumbs off her table. And I just appreciate what she has done for such a long period of time. And I particularly appreciate you, Mr. Dicks, for leading this charge. I grew up in an arts family and I didn't realize that was unusual. I thought every kid went to sleep with his father playing the piano. When I went off to college, I had a hard time getting to sleep.

But I would make this point to you and just emphasize it. If the nonprofit arts industry alone generates \$134 billion annually and supports 4.85 million full-time equivalent jobs and returns 10.5 billion to the Federal government income, just from the standpoint of your spending side of this equation, the millions that you would add, the small amount that you would seek to add would have a huge impact and yet be nothing in terms of the trade-off that exists for the arts. So on the economic side, it is clear.

But I think arts give young people and maybe older people as well dreams. And I can't imagine growing up without dreams. It makes us think, it makes us ponder, it makes us laugh, it makes us cry. I know we have three performers who are incredibly gifted. I to this day have not forgiven Robert Redford for leaving Barbra Streisand in *The Way We Were*. I said how could he. And I said no. It was a bad mistake. But he kind of made up for it when in *The Natural* he realized Glenn Close was someone that he needed to spend his life with. So don't tell me the arts don't matter. We think about it all the time. It brings debate to our society. But the bottom-line for me, just put the economics aside, it is about as spiritual as going to church and can have the same impact. Thank you.

Mr. DICKS. Well, thank you both very much. And we appreciate your being here and to your leadership in the House. And thank you for your good work.

Ms. SLAUGHTER. And thank you for yours.

Mr. DICKS. All right. Now we are going to bring up Bob Lynch to the table. I want to welcome you back to the Subcommittee and thank you for organizing this distinguished panel to present testimony to the Subcommittee on the importance of the Federal role in support of the arts and arts education. I observed during last year's arts hearing that we might have called this session the first Sidney Yates Memorial Arts Advocacy Day hearing. Given the very disappointing fiscal year 2009 budget, for the National Endowment of the Arts presented by the President, it is clear that your return appearance is necessary and timely. I was pleased that last year the Committee was able to make some significant progress in increasing funding for the NEA. As you know, I would have preferred to do more. Continuing to restore funding for both endowments will be a high priority for me again this year as chairman and I hope for all of the members of our subcommittee.

Today's advocacy session is critical in making this case both to Congress and to the public. We appreciate your help and that of all of the individuals that have contributed their time and energy towards making this year's Arts Advocacy Day a success.

Mr. Lynch, you have organized a terrific panel, including five very knowledgeable individuals. We are honored by their participa-

tion today. And I would turn to Mr. Tiahrt for any comments you might want to make.

Mr. TIAHRT. Thank you, Mr. Chairman. I would just say that I am anxious to hear this testimony move forward. So I will keep from any questions now or comments as well. Thank you.

Mr. DICKS. Mr. Lynch.

Mr. LYNCH. Well, first of all, good morning, Chairman Dicks and Ranking Member Tiahrt and all the subcommittee members. It gives me great pleasure to introduce to you today a committee of elected officials, acclaimed artists and business leaders who will be presenting this testimony this morning. And the testimony is on supporting your good work from the past, further increases in funding for the National Endowment for the Arts. And I think you will find that each individual invited to testify today will make a compelling case for why the National Endowment for the Arts is a great investment for our economy and for our citizenry. And, Chairman Dicks, I will bring each one up separately after my testimony if that works for you.

Mr. DICKS. That works.

Mr. LYNCH. What I want to start with is to simply say that I have had the great pleasure of being a visitor to each one of your districts, all 15 of the Subcommittee members' districts in my Create Americas for the Arts. So I have had the opportunity in that time to see the wonderful artwork, public artwork in Congressman Pastor's district, Phoenix, Arizona. I have had the opportunity to buy the great craft work in Congressman Moran's district. We are bringing our annual conference to your district next year.

Mr. DICKS. Wonderful.

Mr. LYNCH. And a big part of the whole local arts agency movement in America began in Wichita, Kansas, where we had a convening some 50 years ago that launched a lot of what we are all about here and the support for the National Endowment for the Arts. So I have written testimony that I would submit.

Mr. DICKS. Without objection, we will place it in the record.

[The statement of Robert Lynch follows:]





**Written Testimony in Support of FY09 Appropriations for the  
National Endowment for the Arts**

Submitted by Robert L. Lynch, President and CEO of Americans for the Arts  
House Appropriations Subcommittee on Interior, Environment and Related Agencies  
**“Role of the Arts in Fueling Creativity and Innovation”**  
April 1, 2008

Americans for the Arts is pleased to submit written testimony to the House Appropriations Subcommittee on the Interior supporting FY 2009 funding for the National Endowment for the Arts (NEA) at a restored level of \$176 million. Today, I hope to provide you with a glimpse of the cultural, civic and economic impact the nonprofit arts community is having across our country. I am grateful to Chairman Dicks for again providing Americans for the Arts the opportunity to help assemble today’s panel of witnesses from the entertainment industry, business world, and government, each of whom provides the subcommittee with a unique perspective on the arts. I would also like to commend Chairman Dicks, Ranking Member Todd Tiahrt and the entire subcommittee for their work on the historic \$20 million increase for the NEA passed in last year’s FY08 budget.

Appropriately, today is Arts Advocacy Day on Capitol Hill, an annual grassroots gathering hosted by Americans for the Arts and cosponsored by 86 national organizations representing dance, theatre, music, literature, visual and media arts—the full gamut of American culture. Collectively these groups represent tens of thousands of nonprofit and governmental cultural organizations at the state and local levels across the country. The united request that we present today is the result of the collaborative work of these passionate groups. I would like to take this opportunity to formally present you with the 2008 Congressional Arts Handbook, which provides legislative issue briefs, facts, figures, and research that the subcommittee and its staff may find helpful over the course of the year. My gratitude goes to all my colleagues who have worked together on it.

The title of today’s hearing is the “Role of the Arts in Fueling Creativity and Innovation.” I want to echo the words of this year’s Nancy Hank’s Lecturer, Daniel Pink, who has identified the workforce of the future and it’s reliance on creativity as ending the debate between the left and right sides of the brain. In the past, determining whether you were a left-brainer – the supposed rational side – or right-brainer – the instinctive side, drove the career decisions for many an individual -- maybe even some in this room. There is overwhelming evidence that the jobs of tomorrow will require *both* hemispheres as employers search for innovative ways to separate their products and services from the vast array of choices today’s consumer has. Art is a pillar of creativity and innovation. As Daniel Pink has stated in his book, *“A Whole New Mind; Why Right-Brainers Will Rule The Future.”*

“The wealth of nations and the well-being of individuals now depend on having artists in the room. In a world enriched by abundance but disrupted by the automation and outsourcing of white-collar work, everyone, regardless of profession must cultivate an artistic sensibility. We may not be Dali or Degas. But today we must all be designers.”

The *School Administrator* recently published an article submitted by Americans for the Arts called “Creating A Brighter Workforce with the Arts,” on how the critical skills sets for the knowledge-based economy of the 21<sup>st</sup> century are taught by the arts. The article certainly echoes the words of Daniel Pink’s call to better prepare our young people for success in the global workplace.

But the arts are not just a driver of industry. We understand that the funding for the arts will provide our citizenry with the kind of personal enrichment that is not easily quantifiable but for its inherent inspiring quality. Congressional Arts Caucus Co-Chair Louise Slaughter has called attention to “the stunning gifts American artists make to our daily lives. Their creative force not only helps our children learn but also makes them smarter. It brightens the life of each one of us, bringing us joy and comfort, enlightenment and understanding, in ways impossible to find otherwise. The arts and artists of America are our national treasure, which this great Nation needs, deserves, and must support as other nations do.”

***Economic Impact and Reach of the Arts:***

Some of the members of our panel will speak about what most of us share as the intrinsic benefits of the arts. Especially in these uncertain times, the arts have the power to inspire; create outlets for untapped creativity and expression; and engage in a shared civic discourse. And while these characteristics are widely endorsed by members of this subcommittee, the artists, and business leaders present, I also understand that elected officials, whose task it is to responsibly manage the nation’s economic well-being, need to have strong and credible data that make evident the economic benefits of a vibrant nonprofit arts and culture industry.

Provided for the subcommittee, are maps that provide a snapshot of the economic impact that nonprofit and for profit arts industries have in your Congressional District. The result of *Creative Industries: Business & Employment in the Arts*, the study documents Dun & Bradstreet business and employment data for both the nonprofit and for-profit arts sectors that comprise of arts-centric businesses that range from nonprofit museums, symphonies, and theaters to for-profit film, architecture, and advertising companies. As of January 2008, the *Creative Industries* are a formidable industry in the United States—2.98 million people working for 612,095 arts-centric businesses (2.2 percent and 4.3 percent, respectively, of U.S. employment and businesses).

As you may recall in 2002, Americans for the Arts released a groundbreaking national report, “*Arts & Economic Prosperity II: The Economic Impact of Nonprofit Arts Organizations and Their Audiences*,” documenting the significant economic return that communities have on their support for the arts. Last year, shortly after Arts Advocacy Day, we were proud to release the latest findings in *AEP III*, our largest study ever, that shows robust growth in the arts and culture sector that is enviable by any economic standard. More than 6,000 nonprofit arts organizations and nearly 95,000 arts audience attendees in all 50 states and the District of Columbia

participated in this updated study. No niche industry, the nonprofit arts and culture industry make up 1.01 % of the U.S. workforce. This may seem like a small percentage until you realize only elementary school teachers at 1.14% surpass this number in terms of jobs supported by any sector.

2007's *AEP III* report revealed that America's nonprofit arts industry generates \$166.2 billion in economic activity annually, supporting 5.7 million full-time equivalent jobs, \$104 billion in household income, and actually generating \$39.6 billion of tax revenue back to federal, state, and local governments combined. These figures represent a 24 percent increase in economic activity and 850,000 more jobs since *AEP II*. Local business leaders can certainly join in singing the praises of arts and culture organizations as they understand that more people attending events converts into residual spending by audiences that fuel local economies. As patrons dine before or after an event, park their vehicles in area garages, or take advantage of vendors and services within the event proximity, the benefits are felt by the whole of the business community.

For example, in:

- **Tacoma, Washington**, arts and culture organizations generate 967 Full-Time Equivalent Jobs (FTEs); \$17.9 million in household income; \$1.5 million in taxes for local government; \$17.8 million in event-related spending averaging more than \$20 dollars per attendee excluding the price of admission.
- **Sedgwick County, Kansas**, arts and culture organizations generate 1,512 FTEs; \$30.3 million in household income; \$2.5 million in taxes for local government; \$21.5 million in event-related spending averaging more than \$17 dollars per attendee excluding the price of admission.
- **Phoenix, Arizona**, arts and culture organizations generate 11,164 FTEs; \$213.2 million in household income; \$17.3 million in taxes for local government; \$228 million in event-related spending averaging more than \$37 dollars per attendee excluding the price of admission.
- **Erie County, Pennsylvania**, arts and culture organizations generate 534 FTEs; \$8.6 million in household income; \$624,000 in taxes for local government; \$6.7 million in event-related spending averaging more than \$15 dollars per attendee excluding the price of admission.
- **Ulster County, New York**, arts and culture organizations generate 86 FTEs; almost \$2 million in household income; \$274,000 in taxes for local government; \$838,000 in event-related spending averaging more than \$30 dollars per attendee excluding the price of admission.
- **St. Louis City and County, Missouri**, arts and culture organizations generate 18,537 FTEs; \$386 million in household income; \$28.5 million in taxes for local government; \$284.3 million in event-related spending averaging more than \$25 dollars per attendee excluding the price of admission.

The numbers are irrefutable; arts and culture mean business. Federal funding of arts and culture represents a 9 to 1 return on investment. \$1.4 billion in funding returns \$12.6 billion to the federal coffers. The arts have become as reliable driver of economic prosperity as any other U.S. industry.

Today, cities and businesses around the world are competing for the brightest minds – to work at their companies and to live in their neighborhoods. International studies have shown that the communities that offer the kind of arts and culture amenities and important to the workforce. As the arts flourish, so will creativity and innovation—the fuel that drives our global economy. No federal agency plays a more crucial role in continuing the exponential growth of this phenomenon while also feeding our souls and nurturing our dreams.

#### ***Local Arts Agencies***

Since its inception, the NEA has had great influence on growing the local arts agency field, providing powerful incentives for local governments to step up their own government funding programs for the arts. The local arts agency field of community-based arts service and organizational capacity builders has expanded to include united arts funds, arts and business councils, statewide arts service organizations, and other community-based arts organizations. In 1967, shortly after President Johnson signed the act that created the NEA, there were 500 local arts agencies. That number has grown to about 4,000 today, an 800% increase.

Local arts agencies, along with state arts agencies, are the only organizations that are federally designated to re-grant NEA funds to help serve the unique needs of local arts organizations and individual artists. Also, in many cases, they are federal grantees themselves. Local arts agencies use NEA grants to create diverse public programs that include staging classic productions; fostering creativity for the physically challenged; expanding access to great works of art to underserved communities; and integrating arts in the classroom. Perhaps most importantly, local arts agencies facilitate public and private charitable giving to the arts through the regranting of local, federal and state public appropriations and, as in the case of many united arts funds, private funds from corporate, foundation, and individual sources. Some examples of local arts agencies are:

- **The Tacoma Arts Commission**, Tacoma, Washington
- **Wichita Arts**, Wichita, Kansas
- **Roanoke Arts Commission**, Roanoke, Virginia
- **The Phoenix Office of Arts and Culture**, Phoenix, Arizona

Local arts organizations that benefit from these public grants from the NEA or from state and local arts agencies include a wide range of visual art, dance, music, theater, literary, media, arts education organizations. Examples of recent NEA grants to local arts organizations include:

- **Tacoma Opera Association**, Tacoma, WA  
\$10,000 - To support the production of *Carmen* by George Bizet. Vocalists Randolph Locke and Sarah Mattox will be featured in this partnership with Festival Opera of Walnut Creek, California.
- **Jefferson Center Foundation, Ltd**, Roanoke, VA  
\$20,000 - To support the presentation of *The Blind Leading...*, a work that explores blindness and creativity. In collaboration with the Virginia Association of the Blind, project components will include performances, films screenings, and a colloquium with workshops on audio description.

- **Lexington Children's Theatre**, Lexington, KY  
\$10,000 - To support the production and regional tour of theater works. *Anansi* by Jeremy Kisling and *The Garden of Rikki Tikki Tavi* by Y. York to tour underserved communities.
- **Greater Boston Youth Symphony Orchestras**, Boston, MA  
\$35,000 - To support the Incentive Community Program (ICP). Targeted to inner-city and minority youth, the program offers weekly music lessons, ensemble classes, and instrument rental.
- **Art Start**, Minneapolis, MN,  
\$35,000 - To support River EcoJourneys, a visual arts residency program. Professional artists will work with classroom teachers at two elementary schools in St. Paul to integrate visual arts and science studies to increase students' knowledge about the intersections between art and nature.
- **Bilingual Foundation of the Arts**, Los Angeles, CA  
\$10,000 - To support a Spanish-language production of *Maria La O*, a Cuban zarzuela written in 1930 by Ernesto Lecuona. The project will be targeted to the Hispanic community of Southern California, including underserved populations and high school students.

***National Endowment for the Arts:***

Federal support carries increased value because it sends a signal to other funders. As NEA Chairman Gioia recently noted, "In case after case, the NEA learned that its grants had a powerful multiplying effect. Every dollar that the NEA gave in grants typically generated seven to eight times more money in terms of matching grants, further donations and earned revenue." The NEA should be a national leader in responding to the organizational capacity of arts organizations to help meet the growing needs of a growing population. Currently, however, the president's proposed NEA budget of \$128.4 million is a disappointing departure from recent momentum to carry out this role. It is my hope that the distinguished members of this committee will continue to support the NEA's incremental march towards restoration, thereby supporting our local economies, expanding access to art for all, and preserving our shared cultural heritage. In 1992, the NEA's all-time-high budget was \$176 million and I ask the Subcommittee to return the Agency's budget to this level. Thank you very much for the opportunity to testify on these issues.

Mr. LYNCH. And what I want to say simply is that you know that we are here to ask for the National Endowment for the Arts funding to be restored to its \$176 million historic high, which was 10 years ago. We are trying to go back to the future. And the \$20 million increase that this committee was able to get last year was an enormous boost to the arts in America and to the leveraging of State monies, local monies on the government side and private sector money itself. The impact of the arts and the arts community across America is something that I just want to reference today because a lot of people don't realize the scale of what we are talking about.

Today, for example, we have 600 representatives, 600 arts leaders from every State here, 87 national service organizations coming together on a united front. And I am going to be submitting to the Committee this book that we have done, Congressional Arts Handbook, that—87 national arts organizations agreed on something. And that is not easy. And they came together and they agreed on a dozen things that they think will make America better through the arts. So I am going to be passing that on to you.

But those organizations representing music and theater and dance and literature and visual arts and media, they represent 100,000 nonprofit arts organizations in America, 100,000 in each one of your districts. And that is only part of the equation. We know that there are over 600,000 arts centric businesses in America; in fact, 612,095. 4.3 percent of the businesses in America are either non-profit arts organizations or for-profit arts organizations like the music store that you see in your towns or the dance school and things like that. And they support almost 3 million jobs. That is not the passion argument that we heard wonderfully from our two congressional friends before. That is the harder side, the business side argument, but important as well because of your public policy role in understanding that there has to be that.

What we have in today's hearing is a title called the role of the arts in fueling creativity and innovation. And last night we had Dan Pink, a great author who has been speaking about creativity in America, as our Nancy Hanks Lecturer at the Kennedy Center. And some of you were there with us. And what he talked about was overwhelming evidence about tomorrow's jobs in America that will need creativity, creativity, a whole new mind that is going to be what is necessary for the worker of the 21st century to be able to navigate a world, that jobs have to be more creative to separate the products from other people's products, from the vast array of choices that we now have out there in the American landscape.

He talked about abundance. How do you compete in an abundant society? Well, you have to have better design, better creativity. He talked about many of the jobs that we are actually training our kids for being outsourced to Asia and other places. What is it that is going to distinguish the kids today to keep good jobs in our country?

One other thing that I will be submitting to you is there is a book or a magazine called *The School Administrator*. This is the magazine that all of the superintendents in America read. And the entire issue, last issue, is devoted to why the arts are important to be restored in every American school so that the kids will have

that creativity so they will get those jobs. So we will submit that as well.

The arts are not just driven, though, by this business side or drivers of industries. Congressional Arts Caucus Co-Chair Louise Slaughter said something recently. She said the arts are stunning gifts, stunning gifts that American artists make to our daily lives. They help kids learn, they make them smarter, they brighten life, they bring joy and comfort and understanding, they are a national treasure. And my point is they are both a spiritual national treasure and they are an economic national treasure.

Now, some of our other panelists will talk about intrinsic benefits, the inspiration, the unleashing of creativity, the civic discourse. But public officials like you and like mayors and like State officials manage economic well-being as well. And there is strong data that shows the economic benefits. I heard Louise Slaughter reference that data, but we have a chart here that we will leave up for the entire hearing that shows what I referenced before.

The \$166 billion economic impact of just the nonprofit arts in America, that is huge. It is bigger than anyone thought. The 5.7 million jobs that are direct and indirect because of that industry, the \$39 billion in taxes that get returned, Federal, State and local, that Congresswoman Slaughter referenced. And I would like to point out that in a time of troubled economies, we are a growth industry, 24 percent increase in the last 5 years.

Now, as I have had the chance to go out across the Nation and visit all of the districts, I have seen that the prize for the most arts-related businesses of any of your districts goes to Congressman Moran, 2,063 businesses, 19,403 jobs. And I think that is impressive. But I also want to say that even the smallest district—and I had mentioned this—we sent the information to Congresswoman Emerson in Missouri—570 arts-related businesses in that congressional district and supporting 1,935 jobs. Biggest, smallest, it is still good, it is still important.

Thirty years ago, I had the chance to work with Congressman Oliver to take a look at his district. He was the State senator at the time. We envisioned how it could be better and started a festival in North Hampton, Massachusetts, a place of decaying buildings that was almost abandoned. That festival launched a creative energy and a rush of artists that led to businesses coming and led to that town today being one of the top 100 arts destinations in America. This is a story that many of you know in your communities as well, and it is a story that is repeated again and again across America.

The United States Congress and this committee 40 years ago, or your predecessors, need to take a lot of credit for what you see up there on that chart, and here is why. The launching of the National Endowment for the Arts—and I get this story from John Brademas, your colleague, who says to say hi today—was the launching of a system of support in America as we know it today, the network of support in America as we know it today. Over 40 years ago there was no Federal funding. There was very little State funding, only four State arts councils. There were a handful of local arts agencies. The stimulus that happened because of the creation by folks like Senator Pell, Congressman Brademas, President Johnson al-

lowed the system of support to click into place that creates that \$166 billion industry today. Only 10 percent of the arts part of that is from government and a tiny fraction of that is from the Federal government. I don't look at it as a subsidy. I look at it as incentive. But I want you to know that that incentive over all of these years has been the tail that has wagged the entire dog of the arts economic industry. Arts in America owe you and your predecessors a great debt of gratitude.

Local arts agencies are an important piece of that. You have a local arts council and arts commission in every one of your towns. They are a local funding entity and you have at the Federal level, at the national level, presidential candidates who are calling for a lot more than we are asking for here today. We are asking for a \$31.3 million increase to bring it up to 176.

Mike Huckabee announced on "Meet the Press" that the arts are weapons of mass instruction and we need more of them Federally funded. Bill Richardson, Bill Richardson in his—one of the——

Mr. DICKS. Maybe we can fund it out of the defense budget.

Mr. LYNCH. Bill Richardson called for half a billion dollars more to go to the arts and arts education in America. We are conservatives here. We are only asking for \$31.3 million. And both candidates, Obama and Clinton, have strong arts policies calling for increases on all fronts.

So with that, I simply want to say Federal support carries increased value because it sends a signal to the other funders. As the National Endowment for the Arts Chairman Gioia recently noted in case after case, the NEA learned that its grants had a powerful multiplying effect, and I have illustrated that today. It is my hope that the distinguished members of this subcommittee will continue to support the NEA's incremental march towards restoration and advancement of the arts and supporting our local economies, as well as our local spirits and expanding access to the arts for all Americans and preserving our shared cultural heritage.

In 1992, the National Endowment for the Arts' all-time high budget was \$176 million, and I ask the Subcommittee to return the agency's budget to this level. Thank you very much for the opportunity to testify before you on these issues.

Mr. DICKS. Thank you very much. And are you going to proceed and introduce your——

Mr. LYNCH. If there are no questions, I will proceed and introduce——

Mr. DICKS. I think we should go ahead. The witnesses have been waiting a long time, and we will hear the testimony and then ask the questions.

Mr. LYNCH. Great. So let me begin by introducing the honorable mayor, Mufi Hannemann, and ask the mayor to join us here, our first speaker and a person who has experienced firsthand the impact that the arts have in our cities. Mayor Mufi Hannemann is the mayor of Honolulu. So he traveled a long way to be here. And he serves as the Chair of the Tourism, Arts, Parks, Entertainment and Sports Committee of the United States Conference of Mayors. And the very fact that they have an arts committee is exciting.

Prior to taking office in 2005, Mayor Hannemann served in four White House administrations and was a Fulbright scholar. He will



provide an elected official's perspective on the vital role that culture plays in the civic and economic development for cities and the personal enrichment he receives from different forms of artistic——

Mr. DICKS. Well, I have to welcome Mufi, who has been a longtime friend of mine, and especially now, right during the Final Four. We used to get together and have a lot of fun over the years. And we are glad you are mayor out there doing a fantastic job and we appreciate your coming all the way to testify today.

Mr. HANNEMANN. Thank you, Chair Dicks. And thank you, Bob, for your excellent presentation. Chair Dicks, Ranking Member Tiahrt, and members of the House Appropriations Subcommittee, it is my pleasure to be here not only on behalf of the people of Honolulu, but the mayors of the largest body known as the U.S. Conference of Mayors. I have submitted testimony on the record, but I would like to amplify——

Mr. DICKS. We will place it all in the record and you can summarize as you——

[The statement of Honorable Mufi Hannemann follows:]

**Written Testimony in Support of FY09 Appropriations for the  
National Endowment for the Arts  
Submitted by the Honorable Mufi Hannemann  
Mayor of the City and County of Honolulu, Hawaii  
House Appropriations Subcommittee on Interior, Environment & Related Agencies  
“Role of the Arts in Creativity and Innovation”**

April 1, 2008

Mr. Chair and distinguished subcommittee members, it is an honor to represent the United States Conference of Mayors and particularly, my home, the City and County of Honolulu before this House Appropriations Subcommittee on Arts Advocacy Day. Specifically, on behalf of America’s mayors and major cities across the nation, I urge Congress to support the National Endowment for the Arts (NEA) in the FY 2009 Interior Appropriations bill and to restore a budget of \$176 million for the creation, preservation, and presentation of culture and the arts in America through the NEA’s core programs—*Access to Artistic Excellence*, *Challenge America: Reaching Every Community*, *Federal/State Partnerships*, and *Learning in the Arts*.

When I took the office as mayor of the City and County of Honolulu; I was honored to be the first local born Mayor in 40 years. It is not often that someone gets to be the mayor of a city he or she was born and raised. I am the 13<sup>th</sup> Mayor of the 13<sup>th</sup> largest city in the nation, my county and the three other counties that comprise Hawaii are a collection of islands more than 2,000 miles from any continental land mass. Living in the middle of the Pacific Ocean, the gateway to Asia and the other Pacific Island nations, I can tell you first hand how the culture and arts of our diverse communities are an integral part of our daily lives - how it enriches our lives.

As the Chair of the Standing Committee on Tourism, Arts, Parks, Entertainment and Sports of the United States Conference of Mayors, I represent a body of governing officials who recognize the importance the arts play in each and every city. The arts are everywhere, throughout every city and town in the United States. The arts and culture is imbedded into the architecture of our homes, in the language we use to communicate, the different types of food we eat to nourish our bodies, in the music we listen to, the clothing we wear, and the activities we participate in as a community. It allows us to be individuals while at the same time the arts and culture links us as communities, cities, states, and as a nation. This is why arts are part of the United States Conference of Mayor’s 10 Point Plan to build “Strong Cities, Strong Families ... for a Strong America.”

**Hawaii’s Leadership in the Arts**

On October 27<sup>th</sup>, 2007, the International Herald-Tribune named Honolulu one of “The Top Ten Most Livable Cities.” While we are ranked No. 9, after such cities as Munich, Copenhagen, Tokyo and Sidney, Honolulu is the only American city to make the list. This designation is a testament to the people of Honolulu and it also means we must continue to lead by example.

Historically, the Hawaiian Islands have been a leader in education, culture and the arts; and we will continue to do so. In 1850, led by the ruling monarchs of the islands, Hawaii had the highest literacy rate in the world. In 1881, King David Kalakaua, Hawaii’s last ruling king, was the first state dignitary to travel around the world. A gifted composer, King Kalakaua made it his

personal task to infuse culture and the arts at all levels of government in order to maintain the islands' integrity and to compete with the other countries he visited. The king created a renaissance of music, dance and the arts with the byproducts of building social capacity, economic benefits and cultural and ecotourism more than 150 years before these terms were ever defined.

In Honolulu we perpetuate the cultural inheritance of our indigenous Hawaiian culture and celebrate the unique charm and diversity of its people. This balance of host culture and ethnic diversity is attributed to our artists and cultural practitioners of our city. One of the initiatives of my administration is to address the stewardship of our islands in a program called the *21<sup>st</sup> Century Ahupua'a*. This sophisticated and successful resource management system honors our Polynesian heritage by renewing our commitment to self-sufficiency and the protection of our precious islands. While the focus of the *21<sup>st</sup> Century Ahupua'a* is on environmental issues, its concepts are based on traditional Hawaiian cultural values. Our cultural values define us as a city and as an island state. It also brings to the forefront the cultural assets we possess and allows us to use these assets to compete in the national and global market as we protect our natural resources, focus on cultural tourism and continue to build a stronger and vibrant community. This is an example of why arts and culture is as essential as the business plan used to maintain any substantial program. We cannot do without the other.

Today two of the biggest culture and the arts components in Hawaii are music and hula. Recently the National Academy of Recording Arts and Sciences of the United States has placed Hawaiian music in its own category at the annual Grammy Awards. This recognition allows our artists national and global recognition for their work. Hula has also been highly popularized throughout the world. Dancers from Tokyo to New York; Paris to Amsterdam are all learning this cultural dance form in their own cities. Our music and hula has helped to make us uniquely Hawaii and we have prioritized them as an integral part of our highly popular sun-sand-sea-and surf package brand identity. The goal is to be known as the Pacific Region's "cultural destination."

#### **Arts Education**

As we look towards culture to build and maintain social capacity, we can look at the arts in order to maintain economic stability and be competitive in a global economy. Yet, the arts are often pushed to the rear of our educational institutions throughout many cities and states in America. We need to change our preconceptions that arts are a "nice-to-have" and proclaim that the arts are a "need-to-have" in our communities.

We need to implore our government officials to place the arts on the same level of importance as reading, math and science. We must begin to look at the arts as one of the educational skills that will be carried within a child through their years in school and with them into the future. The creative skills learned will make a difference on how the future of America's employment force competes in the world of tomorrow. Our social and economic benefits are dependent on it.

The Japanese educational system, which on many levels ranks ahead of the United States, is utilizing the arts as a key skill for the future. A reason for this is attributed to the fact they set standard hours in the national elementary school curriculum emphasizing subjects such as music,

arts and handicrafts, in addition to math and science. We need to learn from their example, in order to compete at a global level.

#### **Economic Impact of the Arts**

Our neighbors in Canada are showing success through their government involvement in facilitating strategic investment in the arts through public-private partnerships. During the past five years, key support in the performing arts leverages equal private sector dollars and earns a positive return of 200% based on direct and indirect benefits alone. They are reaping many additional benefits in education, community engagement, national brand identity, regional development, and highly motivated employees.

Within my administration we have a Mayor's Office of Culture and the Arts, a Honolulu Film Office and a Mayor's Office of Economic Development. All three offices report directly to me at a cabinet level. These three departments work hand in hand to promote and perpetuate Hawaii's unique arts and culture throughout the City and County of Honolulu and to support a creative industry. This past year our Office of Culture and the Arts awarded \$290,000 in grant funds to nonprofit arts organizations for various art and cultural projects. These funds provided a return gross investment of more than \$4 million in the community. The Office of Economic Development works with the Hawaii Tourism Authority in promoting cultural events in Honolulu through the Cultural Product Enrichment Program. This past year the City and County of Honolulu awarded \$500,000 in grants as seed money and matching funds for cultural programs. The Honolulu Film Office has worked diligently to assist in the expansion of the film industry. Monies spent for film production in Honolulu is expected to surpass the \$100 million dollar mark for 2007. This office has worked with our legislators to pass a measure called Act 88 which gives filmmakers a 15-20% production tax credit. The result is an energized industry with active workforce development program that offers on-the-job training. *Lost*, the global hit is viewed in more than 220 countries and territories is one of Honolulu's production success stories. The statewide impact for the industry from fiscal year 2007 is estimated to exceed \$277 million and generated more than \$36 million in tax revenue.

Having these department heads report directly at a cabinet level allows us first hand knowledge as to how our city government support affects our communities' cultural practices, arts economy, the tourist industry, and the quality of life that is dependent on the social and cultural well-being of the city.

In 1997, as a member of the City Council, I introduced a bill to establish an arts enterprise program. One of the outcomes of that bill is The ARTS at Marks Garage in downtown Honolulu, which led to a partnership with the Hawai'i Arts Alliance and the Ford Foundation. The project continues today by serving as a catalyst to the revitalization of the Chinatown area. The arts enterprise program created a place for the arts to thrive and attract other businesses to take advantage of the growing area; including the first free WiFi zone in the city. The revitalization has also led to Chinatown's recognition as a Preserve American Community designation by First Lady Laura Bush. Today in addition to The ARTS at Marks Garage, Chinatown has flourished, featuring close to forty galleries and arts venues in the area, restaurants that showcase the flavors of the world, and the return of a nightlife scene to a part of town that heretofore had been deserted after work. For example, this past year at least 50,000

people attended activities at The ARTS at Marks Garage. These activities incorporate more than 80 community partners, 1,000 artists, and directly impacts more than 130 neighborhood businesses. Activities such as this indicate the arts are vital to the stability of a city.

#### **Mayors' 10-Point Plan**

This year the United State Conference of Mayors celebrates its 75<sup>th</sup> anniversary as a nonpartisan organization of cities. We continue to work to strengthen federal-city relations and to ensure the federal policy meets all of our cities' needs. We developed an action agenda for tourism and arts as part of our **Mayors' 10-Point Plan: Strong Cities, Strong Family, For a Strong America**. It states the arts, humanities, and museums are critical to the quality of life and livability of America's cities. It has been shown that the nonprofit arts and culture industry generates \$166.2 billion in economic activity annually, supports over 5.7 million full time jobs, and returns over \$12 billion in federal income taxes annually. Governments which support the arts, on average, see a return on investment of over \$7 in taxes for every \$1 that the government appropriates. Furthermore, federal, state and local governments, private foundations, corporations and individuals, provide access to artistic activities for peoples of all races, creeds, and income levels.

When you factor in the creative industry you can see that it is the fastest growing industry in the nation. It consists of all businesses, both in the nonprofit and for-profit sectors, involved with the production or distribution of the arts including the performing arts, literary arts, applied arts, humanities, media arts, support services, and art education. The creative industry provides employment for more then just artists, curators and musicians. The industry directly supports builders, accountants, printers, and an array of occupations spanning many other industries.

By making arts and tourism part of our 10-piont plan, the United States Conference of Mayors makes it emphatically clear that there is a need to address arts and culture as a viable and substantial subject of national importance. That is why I went to New Hampshire this past November to participate in the first ever presidential forum on the arts, co-sponsored by Americans for the Arts Action Fund to urge presidential candidates to focus on the arts. As a result of the forum, five of the candidates, two of whom are still running submitted platforms on the arts.

The nation's mayors unequivocally support full funding for arts and humanities agencies and support the National Endowment for the Arts. I beseech you to join me and my fellow mayors in supporting increase funding for arts education and recognize the importance that the nonprofit arts industry plays in the economic and cultural vitality of cities. Together, from all levels of government we can make a difference.

#### **Conclusion**

Honolulu is one of "The World's Top 10 Most Livable Cities." We believe it is the arts and culture that has helped Honolulu define itself as a global city. Similarly, the state of our arts and culture will help define us as a nation. Funding for arts and culture will also define how the future state of our cities' needs will be met when it comes to building "***Strong Cities, Strong Families, for a Strong America***." On behalf of the US Conference of Mayors, I thank you for this opportunity to share with you the importance of the arts.

Mr. HANNEMANN. Thank you. We want to state emphatically that as mayors we get it when it comes to the arts. We understand that our job is more than fixing roads, potholes, ensuring public safety, cleaning parks, emphasizing infrastructure. As important as those responsibilities are, there is nothing like having a vibrant arts culture in every city. And there is basically some very strong reasons why we have gone on record in our 10-point plan for strong cities, strong families, for a strong America where we are calling for additional emphasis and funding on the arts.

Number one, the arts help define the soul, the essence, the culture of a city. In my particular case it is all about our cultural heritage. It is all about what we call our native Hawaiian culture. At one time, as a kingdom, we had the highest literacy rate in the world in 1851. We had a monarch that traveled around the world, King David Kalakaua, and took with him culture and arts everywhere he went. This is why music has evolved now where the Grammys even have a Hawaiian music category and the hula, that very popular form, is practiced and taught throughout the world. People need not come to Hawaii. That is very important. It is all about livability. We are very proud of the fact that the International Herald Tribune ranked Honolulu as one of the top 10 most livable cities in the world. And we believe arts and culture is one of the reasons why they have done that.

Secondly, it is all about education. We heard a wonderful lecture last night that was given and we recognized through that lecture at the Kennedy Center that education leads to a workforce that is competitive, that is innovative, that is creative. And certainly I think you all are aware of the challenges we face, especially with the Asian economies, and that we want to have a competitive workforce. Arts brings out that critical thinking, that ability to expand beyond what people normally take up.

We know that big countries like Japan have emphasized the arts in ways that we should do in the United States, where they rank and they teach music and arts and emphasize it in the same way that they do mathematics and science.

Thirdly, it is all about the economic impact. We have seen the figures here before you nationally. But in my particular city, I have made three positions, a senior level, cabinet level, positions with emphasis on the arts. Traveling with me today is my Director of the Office of Culture and the Arts, Mr. Michael Billy Pang, where we give out nearly \$300,000 a year to nonprofit organizations. We have an Office of Economic Development where we work with the Hawaii Tourism Authority, where we pass on another half a million dollars in grants to nonprofit groups.

We also have a very strong Honolulu Film Office, which has resulted in \$100 million in spending for the film industry. All of this, of course, has led us to revitalize a very important part of our community called Chinatown, where our quest is to make it a leading arts and cultural center in the world. We are very proud of the fact that First Lady Laura Bush recently designated Chinatown as part of Preserve America designation. We have a Wi-Fi service throughout Chinatown. We have created art enterprise zones where the first Friday of every month is designed to open up the vibrancy of

that city, create economic dollars, and once again move us closer to what we want to become as a city with respect to the arts.

Last but not least, it is all about today talking about the goals that we have in this mayors' 10-point plan. And one of them calls for the creation of a cabinet level secretary for culture and tourism. This is why we went with Bob to New Hampshire and participated in that first presidential candidates forum on the arts.

We want to make it clear that the mayors would like to see this. We want to see the recognition that the arts deserve. Foreign countries around the world emphasize cultural arts and tourism way beyond what we do in this country here. And it is high time that we have a President in the White House that will recognize the arts and will work with Members of Congress to give it the recognition and the funding that it richly deserves.

Let me close, Mr. Chair, with just one simple and very, I believe, eloquent anecdote in terms of why we support increased funding for National Endowment of the Arts. Recently a group of 18 cultural practitioners from the island of Maui went to New York and they went there to talk about one of the chiefs of Hawaii, who doesn't perhaps have the recognition as King Kamayamaya. This chief was Kahekili and he came from the island of Maui. And he lived to the ripe old age of 87. He died of natural causes. But before he died he united every part of the Hawaiian kingdom, except one, the big island of Hawaii. He was a compassionate leader who at the end of every bloody victory he ordered his men to lay down their weapons and return to their taro patches. These 18 cultural practitioners, thanks to a funding from the National Endowment of the Arts, went to New York. And let me just quote to you what they experienced there. It was a first taste for Manhattan for most and the taxis were all on strike. That never happens in Honolulu, by the way. Picture 18 hula artists from Maui, traveling to the concert site by subway, curlers in hair and everything. The whole experience was absolutely fabulous. New Yorkers were not only kind and helpful, but also excited to see this kind of dance, Kahiko, ancient style, for the first time. They have since returned to Hawaii and they will now continue to take this traveling road show depicting the life of a chief to other places throughout America.

But as was stated at the end of this particular article that I am reading, it is important to us that people in the United States have the opportunity to get to know our chiefs like Kahekili, to experience the cultural practices of those days, the emotions and the glory and the life of old.

I relate that to you because it is only through the arts that we are able to bridge the cultures between East and West. It is only because of the arts that we are able to increase the understanding and appreciation of my particular indigenous culture, the native Hawaiian culture. And it is only through the arts that people have an opportunity to experience the Big Apple and experience what most of us understand in the transcontinental United States.

I thank you for the opportunity to be here today. I urge you to continue the same type of passionate leadership that you have exhibited with the arts. Sooner rather than later folks will understand what all of these leading arts advocates throughout the country are here today for, to say we can't shortchange the arts. It is

about our past, it is about our present, but most importantly it is about our future.

Thank you very much.

Mr. DICKS. Well, we appreciate your very thoughtful statement and the fact that the mayors are supportive of what we are doing. That is important. There is a lot of leadership today coming from the mayors, particularly on climate change, greenhouse gases, issues of very major significance. The mayors have really taken up a leadership void, I think, and we in the Congress appreciate that. We also appreciate being part of your 10-point plan as a significant endeavor for local communities to improve themselves. And I just want you to know that I appreciate very much your friendship over the years and leadership on these issues.

Any other colleagues want to make a statement of any kind? Thank you, Mufi. We appreciate your being here.

Mr. HANNEMANN. Mr. Chair, who is going to win the Final Four?

Mr. DICKS. That is above my pay grade.

Mr. TIAHRT. It will be Kansas.

Mr. DICKS. Thank you very much.

Mr. LYNCH. I want to say thank you to the mayor. And I think that the members of the Committee certainly can appreciate the words of a fellow elected official, but one thing that I would also like to point out is that the mayors in local government in America fund the arts at the approximate amount of \$2 billion a year. That money appropriated by mayors across America only happens because of the leverage that you provided. It gives me great—

Mr. DICKS. I want to make sure. You are saying in their funding, that that totals \$2 billion?

Mr. LYNCH. Almost \$2 billion from the cities.

Mr. DICKS. That is very significant.

Mr. LYNCH. Yes. Absolutely. And our friends at the State level are very close to about half of that. So that combination with the Federal piece is where public sector funding for the arts comes from in America. The Federal piece is the smallest, but it is practically the most important because of its leverage.

And now it really gives me great joy to introduce our next speaker, who is an acclaimed contemporary musician, Mr. John Legend, who I ask to come up. And he is practicing a bit of shuttle diplomacy on behalf of the arts today, having just come from our Congressional Arts Breakfast. He is a five-time Grammy award winning musician, R&B singer, songwriter, a pianist. He is the founder of the Show Me Campaign, which is a grassroots movement to fight worldwide economic and spiritual poverty through fostering sustainable development at the individual, family and small community levels, and he is a member of our Americas for the Arts Artists Committee, of which we are very proud that we had the opportunity to honor him last year with our Young Artist Award. We have asked him to speak on the power of arts training and the inspirational aspects of the arts that have influenced him in his successful music career.

John Legend.

Mr. LEGEND. Thank you.



Mr. DICKS. Thank you very much. And you may proceed as you wish. We will put your entire statement in the record. And you may proceed. Thank you for being here.

[The statement of John Legend follows:]



**Written Testimony in Support of FY09 Appropriations for the  
National Endowment for the Arts**

Submitted by John Legend

Singer & Songwriter

House Appropriations Subcommittee on Interior, Environment & Related Agencies  
**“Role of the Arts in Creativity and Innovation”**

April 1, 2008

Mr. Chairman and Distinguished Members of the Subcommittee, thank you for inviting me to be here. My name is John Legend, and I am a pianist, a singer and a songwriter. It is a pleasure to join Americans for the Arts and to testify in favor of a Fiscal Year 2009 appropriation of \$176 million for the National Endowment for the Arts (NEA).

I'd like to share with you today some understanding of how I, as an individual, have benefitted from the arts and how I think that federal attention to this area can benefit others.

I was born and raised in Springfield, Ohio where I had many people contributing to my education in the arts. When I just four years old, my parents gave me piano lessons introducing me to my first instrument – I was so little that my feet couldn't even reach the piano pedals. My grandmother furthered my musical education by showing me how to play gospel music on the piano. Soon after I played and sang in the church choir.

I didn't just learn the piano however. In elementary school I took art classes and drama classes, I was in the middle school choir; I was in the high school choir and acted in our musical theater productions. As you can see, I was a participant in many arts programs growing up.

I think that all this training help me develop in several ways. I think that each of those disciplines has given me traits, characteristics and skills that I used back then, and continue to benefit from today. For example, as I learned how to play the piano and performed, the experience gave me a great deal more confidence in everything I did. I was a shy kid and this new-found confidence allowed me to be surer of myself and in speaking up in math, English or history class.

Through the arts I think students are able to explore their world in a more thoughtful, and alternative way than just reading it directly from a history or social studies book. I think that painting, singing and acting allowed me to learn about history in ways that standard curriculum can't teach – it gave me a broader worldview. It can develop your heart and cultivate your soul and I think provides us with a better understanding of our humanity.

As a teenager, outside of school, I took part in the Springfield (Ohio) Arts Council “Summer in the Park” series and I remember being in a production of “Big River”. A few years ago, with a few more performances under my belt I was invited by the Springfield Arts Council to come back and do a free concert at the Summer Arts Festival. In a town of 75,000 people, 18,000 of them came to hear me sing, and I have to say, it was really good to be home.

For college I attended the University of Pennsylvania which was a big change for me. Again, my shyness was curbed by my growing fondness for performing. Moving from little Springfield, OH to Philadelphia was a big change for me, but I joined an *a cappella* singing group which helped to introduce me to new people who had entirely different background than I.

From college I did not go straight into the music business. Many of my friends were exploring investment banking and consulting firms – and with an eye on my student loans I also followed a corporate path. I took a job as a consultant at Boston Consulting Group (BCG), an international consulting firm that has Fortune 100 companies for clients. They hired me because my artistic background demonstrated my creative talents. I was there for three years and became trained in the art of “problem solving.”

I left the consulting world to follow my heart and take a big leap to be a full-time musician. The success I have found through my music has allowed me to continue to give attention to issues that I care about. While I founded the Show Me Foundation utilizing many of the problem-solving strategies that I learned at BCG, I use my music to open the ears of college students and young adults and others to learn about world poverty and what we can do about it.

I’ve become good friends with Dr. Jeffrey Sachs of the Columbia Earth Institute and he and I do tours where some people come to hear my music and then learn from him about ending poverty, and others come to end poverty first and happen hear my music. The Show Me Campaign is an effort to convert this interest in caring into ways to learn about poverty and give ways to be involved. I use music as a “foot in the door” to get into people’s heads – and instill a sense of urgency. I wrote the song “Show Me” to pose questions to God about what is happening in our world, and to urge people to show that they care.

Perhaps this is why so many artists are activists and take up causes – not only because their celebrity allows them to bring attention to problems, but because we have the wonderful fortune to speak through our art about life and all it’s beauty and sometimes it’s ugliness.

I hope that I’ve been able to provide some idea of the power that art has had in my life. It was provided to me through my family, through my public schooling and with the help of the local arts organizations.

Thank you for listening to my story today and I hope it provides you guidance in supporting the arts in Springfield, in Philadelphia and throughout this country.

Mr. LEGEND. Thank you. Good morning, Mr. Chairman. Good morning to all of you Committee members that are here. I am excited to be here. This is my first time doing anything like this. So bear with me. They say that a lot of celebrities want to be politicians and a lot of politicians want to be celebrities. But the fact that you guys have to sit around and have people beg you for money all day, I don't know if I want to be in your shoes.

Mr. DICKS. Only if you can deliver the money. That is what Jerry Maguire said, show me the money.

Mr. LEGEND. But I am really excited to be here. I think this is an important cause and it is a cause that is really close to my heart. I grew up in Springfield, Ohio, a small town, small city, where the arts were so influential to me growing up and developing into who I am today that I am grateful for all of those influential people that brought me here and gave me the ability and the confidence to be where I am.

I started out playing the piano when I was 4 years old. I had a piano teacher at a local music school. And I also had my grandmother, who was the organist at my church, who helped train me to become a pianist and an organist. And then my mother was the choir director at my church. So she helped me become a singer. So I was surrounded by artists, just like Representative Shays said. And I know how important that is.

I had a piano in my house and I always wanted to learn how to play. And from a very young age it was such a big influence in my life. I went on to go to a place called Springfield Christian School, which was a small private school. And the first play I ever acted in was my second grade play where I played Andro, the star that led the shepherds and the wise men to Jesus. I was a talking-singing star. And I have always loved performing ever since that time. I did piano recitals and everything you can imagine. And my parents actually brought me back home a couple of years later and started home schooling me. So third, fourth and fifth grade and sixth grade I spent at home with my family.

And when my parents got divorced, I went back to school, and I went to public school this time. So it was a big school, a lot of people I didn't know. And the first way I got integrated into the school and really became socially involved in school was through music. I was in the talent show, I was in the choir, and I had a lot of great teachers and a lot of great support around me. And a lot of it was due to me being involved in the arts. And they were like my second family when I was living in a family with a single parent, my father taking care of us and going to work every day. And what I did after school rather than getting caught up in trouble was get involved in music.

I had a choir director named Arlan Toliver, who was the head of the Springfield Unity for Christ community choir. I had my gym teacher in middle school who also doubled as a music tutor for us after school and was the head of the talent show at school. I had an English teacher who was also doubling as the drama teacher at my high school and taught my show choir. And all of these people were like my extended family at school and helped keep me out of trouble when there was a lot of trouble to be had. And I really appreciate all of them.

And these are the people that we are talking about funding. These are the people that help raise our children. It really does take a village like those people to help raise the kids of our communities, and these are the people that we are asking for money for and I think it is really important to stress that. And it is not just to make you a better musician. I ended up turning out to be a professional musician, but I could have gone another way.

I ended up going to the University of Pennsylvania when I graduated high school. And I think a lot of that was due to the confidence that I developed from music and from performing to also be good in my other studies and to be a better leader and to be a member of the community through music and the arts.

And then when I graduated from Penn, I ended up going an even more different path. I worked at Boston Consulting Group, which is a leading strategic management consulting firm. And you might say how do you go from that to where you are now. But one of the things about BCG is they were looking for people like me to hire, people who were not just smart and able to do the math and do the analytics, but they also wanted creative people. They wanted people who thought outside the box and were really creative and could make change happen by being creative. And so I had people in my class at BCG who have gone on to write novels, people who also sing. And those creative people were part of the engine of success at BCG.

And I am glad that they brought those kinds of people along because it demonstrates to you that artists aren't just there to become professional artists. They are going to become businessmen, they are going to become lawyers, they are going to be important members of the economy no matter what they end up doing. And what you are funding now is going to help make that happen, make this country competitive. I think it is critical. I don't think it is something that is nice to have. It is a necessity that we have something like this. And I am proud to be here in support of the funding that they are asking for, and I hope that as we are here begging for money, that you all will consider what we have said today and remember the stories of people like me who have been so influenced and so helped by those art teachers, those arts councils that help nurture us and raise us into the human beings that we are today.

So thank you very much.

Mr. DICKS. Thank you. But tell us a little bit about your Show Me Campaign.

Mr. LEGEND. The Show Me Campaign is a poverty campaign. We actually work with Dr. Jeffrey Sachs, who is with the Earth Institute at Columbia. I am sure most of you have heard of him. He is a great author. He has a new book out. I will give him a plug. And we work directly with him, with the Millennium Promise organization. And I use my music to bring that message to a lot of the young people that listen to me. So Dr. Sachs already does a great job of fundraising. He does a great job of speaking about the issue of poverty. But we try to bring it to an audience that may not have listened before. And we are trying to train them to be focused on the issue of poverty for the rest of their lives, as they are going to make a lot of money and hopefully give back. And we visited Tan-

zania, we visited Ghana to see the work that is happening there. And we also visited places like New Orleans where we have poverty right here in America as well.

So I think it is a really important subject to be talked about. I guess it is a different subject, but I think it does show the power of music to communicate that message, and we have traveled to colleges around the country, to speak to students at Columbia, at Tulane. We are going up to Boston to speak to the students at MIT about that subject as well. And I think music is such a powerful way to help bring that message. Not only do we speak about poverty, but we also sing and we give them a nice little show. So I think those kinds of things illustrate the power of music beyond just music, beyond just entertainment to help make change around the world.

Mr. DICKS. Thank you very much for your testimony.

Mr. LEGEND. Any more questions?

Mr. MORAN. The book that Mr. Legend is referring to is called *Common Wealth*, and it is a heck of a great book. I just wanted to plug it so that others will—

Mr. LEGEND. Yes, two plugs for Dr. Sachs.

Mr. MORAN. Thank you.

Mr. DICKS. Thank you very much. We appreciate you taking the time to be here.

Mr. LYNCH. It is great to have John here, and his commitment to being here with us you can see goes beyond, as he goes all around the country.

It gives me great pleasure to introduce a very talented young woman who, like John, is criss-crossing across our Nation's capital to advocate on behalf of culture. I think the Committee will agree that Kerry Washington is a forceful voice for expanding access to the arts for all. And I would ask Kerry to come up. She is an actor who has appeared in such films that you will know as the *Last King of Scotland*, was wonderful in the movie *Ray*, and while attending George Washington University as a Presidential Performing Arts scholar, she worked closely with the local theater community and helped create a support system for people of color in the arts called *Shades of Fine Arts*. And so I would love to have her tell her story to you.

Ms. WASHINGTON. Thank you. Good morning. Good morning, Chairman Dicks, Ranking Member Tiahrt, members of the Subcommittee. It is an honor once again to be here with you guys to address this distinguished panel. I am an actor, an activist, a board member of the Creative Coalition and a member of the Americans for the Arts Artists Committee. I want to thank the Committee for their invitation to testify once again on behalf of an issue that has had a profound impact on me personally. I am proud and delighted to testify before you and to participate in my democracy in this way.

Last year, thanks to you all, the NEA received a \$20 million boost over the previous year's funding. So thank you for putting us all on the right track. We must now keep moving in that same direction. Some of my fellow witnesses will lay out the economic arguments, and have, for increased funding for the arts and culture and I certainly echo their message. The numbers don't lie. Arts and

culture funding exponentially return the favor back in dollars for local, State and Federal treasuries. And the business world is telling anyone who will listen, governments, school, parents, we need creative people who will think outside the box and who will be at the forefront of innovation in the new global economy. How else can we compete with China and India if we do not?

You and I know where that quest must begin. It is plain and simple. We foster the arts and give all of our Nation's young people the opportunity to excel in their chosen fields, whatever their chosen fields may be.

You have been provided with evidence as to how restoring the NEA's appropriation to the early 1990s level of \$176 million aids a wide range of activities and communities here in the U.S. I am here because I am living, breathing proof of how the data you have heard and the statistics you have read really exist. With proper support and funding, the NEA has the power to transform and transport a little girl from the Bronx to Broadway, to Sundance, to Hollywood, to the Hill and beyond.

Thoughts of Hollywood were certainly not my reason for being drawn to the arts. In my testimony last year, you might recall how a young child with working parents was a beneficiary of a third parent: Community arts programs, dance classes, art classes, community children's theater. And while these programs were introducing me to the range of artistic expression, the NEA was crucial in helping me see what this expression could lead to. Great works of art all over the City of New York, on stage, thanks to the NEA's discount program, and in great museums, thanks to funding from the NEA to pay what you can for admission. This commitment to nonprofit arts institutions is needed now more than ever, especially in education.

Without getting too specific about what the root causes are, we don't want to point fingers, art has gone absent from the classroom for far too many students. As the employers scream from the mountaintops for creative thinkers, we have unfortunately decided to cut the cornerstone subjects that draw out creativity. Art classes and teachers are not only in the business of training the next wave of artists and art teachers; the skills acquired in arts training may lead to productive careers in art, but they are really a vital piece of the academic development jigsaw puzzle.

My arts training has prepared me not only for art, but it has instructed me in accountability, accounting, responsibility, promptness, leadership, group dynamics, communication, commitment, integrity, perseverance. All of these values and disciplines have helped raise my performance in all classes, in all subjects, in all areas of my life.

At the onset of the HIV/AIDS epidemic in the 1980s, I was fortunate to be part of a high school peer education theater company called Night Star Theater. The program was funded through local grants to arts and education. Our productions entertained high school students and encouraged them through theater and theater games like role playing, to make informed decisions for themselves about safer sex, abstinence, self-esteem, drug abuse, peer pressure and other issues that challenge adolescents. We provided creative and engaging models of behavior and communication strategies,

meaning we taught them how to talk to each other and we helped them make decisions that would save their lives through theater. We gave them these tools during a time of hysteria when the myths and fears about HIV/AIDS prevented the kind of open dialogue that developing minds need.

So while I was learning to be a better artist, a better professional, I was also learning to be a social activist, a better American. I was teaching my peers through the language of performance. And through the prism of this theater experience, I discovered a passion for social change and activism that has left an indelible print on the kinds of roles that I choose to play and on the ways that I use my performance skills to speak out publicly on issues that are important to me as you see before you. Can we agree, Members, therefore that Federal funding for nonprofits arts programs extrapolates in ways that are far reaching and reverberates far past the initial modest investment?

Today, before you is a Phi Beta Kappa magnum cum laude graduate of the George Washington University, who has been fortunate enough to make a living doing what I love to do. I get to be a modern day storyteller, working on sets and on stages as a carrier of our new oral traditions of film and television. It is not bad for a latchkey kid from the Bronx. But my story is not the one I am worried about. If there are going to be more narratives like mine brought before this committee in the future, we must all do our part to ensure that nonprofit institutions maintain healthy bottom lines.

Don't get me wrong, gentleman. I enjoy coming here and speaking to you every year, but I hope to be joined in the future by a chorus of similar successes from different industries. It is not just about programs that send budding talents out into the world in search of fame and fortune. That is not why we are here. We are here to talk about the day-to-day enrichment and possibilities provided to every single American. That is what happens to the arts, whether it is in Tacoma or Wichita or the Bronx. There is a community theater, a ballet, a local arts education program that is vital to the economic well-being, educational development and civil discourse of that local community.

I again applaud you for your historic increase in last year's fiscal year 2009 budget. I think I had a lot to do with it. I know that there are many needs, many needs to be addressed in these economically volatile times. Please let us keep up the momentum and allow arts and humanities institutions to tap our citizenry's creativity, spawn economic prosperity and educate our children.

Thank you so much for having me once again and I am happy as always to answer questions, except about my date.

[The statement of Kerry Washington follows:]





**Written Testimony in Support of FY09 Appropriations for the  
National Endowment for the Arts**

Submitted by Kerry Washington

Actor & Activist

House Appropriations Subcommittee on Interior, Environment and Related Agencies

**“Role of the Arts in Creativity and Innovation”**

April 1, 2008

Good morning Chairman Dicks, Ranking Member Tiahrt and members of the Subcommittee, it is an honor to once again address this distinguished panel. My name is Kerry Washington; actor, social activist and a member of the Americans for the Arts Artists’ Committee.

I would like to thank the committee for their invitation to testify on behalf of an issue that has had a profound impact on me personally, and I am proud and delighted to testify before you and to participate in my democracy this way. The issue before us today is the importance of federal arts spending, particularly funding for the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). Since this is my second year in a row before the subcommittee, it makes me smile to think I did my part last year as the NEA received a \$20 million boost over the previous year’s funding, so thank you for putting us all on the right path. It is good to see you again.

Some of my fellow witnesses will lay out the economic argument for increased funding of arts and culture, and I certainly echo their message. The numbers do not lie: Arts and culture funding exponentially return the favor back in dollars for local, state, and federal treasuries. Nonprofit organizations and institutions play a unique role in the financial and cultural well being of communities. The relatively modest support given these organizations translates into civic development, greater culture access to underserved communities, and arts programs for children that are sorely missing from many of today’s schools. The business world is telling anyone who will listen – government, schools and parents – we need creative people who will be at the forefront of innovation in the new global economy. I know where we must begin that quest. It’s plain and simple; foster the arts and give all of our nation’s young people the opportunity to excel in their chosen fields.

You have been provided with evidence from the arts community and business leaders as to how restoring the NEA’s appropriation to the early 1990’s \$176 million level aids a wide range of activities and communities. I am the living, breathing proof positive of how the data you’ve heard and the statistics you’ve read, have the power to transform and transport a little girl in The Bronx to Hollywood.

Thoughts of Hollywood were certainly not my reason for being drawn to the arts. In my testimony last year, you might recall how a young child with working parents was the beneficiary of a third parent: community arts programs. There is an expression that is used somewhat sarcastically these days in referring to any activity, “well, at least it keeps the kids off the streets.” Growing up in The Bronx, like other big-city kids, the arts literally *did* keep me off the streets. Through the school week you could tell what day it was by what art discipline I was engaged in. It wasn’t just that nonprofit Children’s Theater, ballet, or art class kept me busy, it was that the doors of my mind allowed to open up to a world without limitations that was somewhere outside the borough – and I do not mean just over to Manhattan.

Great nonprofit programs were not my only outlet. While the programs were introducing me to the range of artistic expression, the NEA was crucial in helping me see what this expression could lead to: great works of art. Taking full advantage of the NEA’s discount program, I soon would see the end product of what I once viewed as an activity was actually the ingredients to an experience like *A Midsummer Night’s Dream*. Suddenly, I was introduced to a world full of possibilities that did not exist until I heard those sounds, felt those words, and filled my eyes up that scenery. That is the real world effect of federal dollars funneling down to community theater, dance troupes and museums. The fact that I had access to different cultures, languages, and could behold visual masterpieces by simply jumping on the “A” Train and wandering through New York’s wealth of museums, is a testament to government, corporate, and individual contributions and the return on that commitment.

This commitment to nonprofit arts institutions is needed now more than ever, especially in education. Without getting too specific about what the root causes are, art has gone absent from the classroom for far too many students. As the employers scream from the mountaintops for creative thinkers, we have unfortunately decided to cut the cornerstone subjects that draw out creativity. Art classes and teachers are not only in the business of training the next wave of artists and art teachers. The skills acquired in arts training *may* lead to productive careers in art, but are really a piece of the academic development jigsaw puzzle. I know that my arts training prepared me for not only the subject at hand, but instructed me in accountability, responsibility, promptness, group dynamics, leadership, communication, commitment, integrity, and perseverance. All these values and disciplines helped raise my performance in other classes. These experiences kept fortifying those life skills through the years and on into high school.

At the onset of the HIV epidemic in the late 1980s, I was fortunate to be part of high school peer education theater company called The Night Star Program that was funded through local grants to arts in education. Our productions entertained high school students and encouraged them through theater and theater games like role-playing, to make informed decisions for themselves about safer sex, abstinence, self esteem, drug abuse, peer pressure and other issues challenging teenagers then and now. We provided creative and engaging models of behavior and communication strategies. We gave them these tools during a time of hysteria when the myths and fear about HIV/AIDS prevented the kind of open dialogue developing minds need. So while I was learning to be an artist, a professional and social activist, I was also *teaching* my peers through the language of performance. Through the prism of this theater experience, I was able to enrich my professional life, artistic skills, and my own educational journey while discovering a passion for social change and activism that has left an indelible imprint on the kind of roles I

seek today in my current “day job.” Can we agree that federal funding for nonprofits arts programs extrapolates in ways that are far-reaching and reverberate far past their initial modest investment?

Today, before you is a magna cum laude graduate of The George Washington University who has been fortunate enough to make a living doing what I love to do. I get to be a modern-day storyteller working on sets and on stage as a carrier of our new oral traditions of film and television. Not bad for a latchkey kid from The Bronx. But my story is not the one I am worried about. If there are going to be more narratives like mine brought before this committee in the future, all of us must do our part to ensure that nonprofit institutions maintain healthy bottom lines. I like coming here and speaking to you, but I hope to be joined by a chorus of similar successes from different industries. It is not just about programs that send budding talents on a trajectory for fame and fortune, it is about the day-to-day enrichment and possibilities provided to those looking for an outlet for their creativity. Whether that is in Tacoma or Wichita, or The Bronx, there is a community theater, ballet, or local arts education program that is vital to the economic well-being, educational development, and civic discourse of that locality.

Again, I applaud you for your historic increase in last year’s Fiscal Year 09 budget; I know that there are many needs to be addressed in these economically volatile times. Let us keep up the momentum and allow arts and humanities institutions to tap our citizenry’s creativity; spurn economic prosperity; and educate our children.

I urge you to return funding for the National Endowment for the Arts and the National Endowment for the Humanities to the levels of the early 1990s.

Thank you again for the honor of testifying this morning. I would be happy to answer any questions.

Mr. DICKS. I just want to say that we appreciate your coming back and I think you are just a fantastic example of what, funding of the arts and education, what it all means.

Ms. WASHINGTON. Thank you, Chairman.

Mr. DICKS. You have been a tremendous success and we are very proud of you. And thank you for taking the time. We recognize that coming here to the Congress in support of this is part of your responsibility. Both you and John and Mr. Redford and others who are testifying, this is very important that the American people understand your support for these programs. It is also important for the Congress, the Members of the Congress to hear directly from you about your experience, and thank you very much for being here today.

Ms. WASHINGTON. Thank you, thank you.

Mr. CHANDLER. Mr. Chairman, I don't know about last year, but I think she is definitely going to make an impact on what happens, I think it will be a plus.

Ms. WASHINGTON. Thank you.

Mr. LYNCH. I learn something about my witnesses even as I am sitting here, but you see why we are very proud that Kerry is a member of our honors committee. Our next witness is Jonathan Spector. Some of you had the opportunity to hear last night's Nancy Hanks' lecturer Daniel Pink, and his talk about creativity as the fuel of the 21st century. Jonathan introduced that and talked about that and the conference board and its role in that particular discussion.

He is the CEO of the conference board, the global research and business membership group which publishes a consumer confidence index and the leading economic indicators report, and annually convenes 2000 business executives around the world. Before assuming that position, he was vice dean of the Wharton School of Business at the University of Pennsylvania. I would love to have him present findings of study ready to innovate which explores the effect on the United States workforce readiness in enabling innovation and creativity and entrepreneurship, when arts instruction is de-emphasized today in education on job training.

Mr. SPECTOR. Thank you, Mr. Dicks, Mr. Tiahrt, members of the Subcommittee, thank you for having us here today. The conference board is a not for profit, and non partisan organization. We don't advocate for policy or legislation. What we do do is conduct research on behalf of our members who comprise most of the largest companies in the United States and around the world. I have submitted written testimony on this research.

What I would like now is to briefly summarize some of that. All of our research is really through the lens of what we call workforce readiness; does the United States have and are we building a workforce that has the skills and capabilities to support American companies successfully today and in the future. The answer, unfortunately, is not in every area, and I think this is one we will talk about today.

Just some very simple points on the results of our research. We survey CEOs every year and ask them what their toughest challenges are, they believe that stimulating creativity, innovation and entrepreneurship is one of the top 10 challenges, this is reinforcing

from a business perspective some of the things you are hearing from the other witnesses today. We just did a major study called “Are They Really Ready to Work?” which looks at the readiness of our workforce.

I will read one sentence from that report, creativity and innovation—this is from hundreds of companies that were surveyed—creativity and innovation and the applied skills that support innovation, like critical thinking, communications and problem solving were considered more important than the traditional skills of basic reading, writing and math. This is a counterintuitive result, considered more important than the basic skills of reading, writing and math. And these companies further stated that the importance of creativity and innovation would only increase in the future.

Furthermore despite the importance of these areas of skill, employers found substantial deficiencies in the workforce from high school graduates, graduates from 2-year college and graduates of 4-year colleges. We recently collaborated with the Americans for the Arts and with the American Association of School Administrators to survey employers, but also educators, and the results, again, were very consistent. Almost every company and every superintendent that we talked to believed that creativity is becoming more important in the workplace. Seventy-two percent of the employers say that creativity is a primary concern when they are recruiting people like BCG did when they recruited John Legend.

Eighty-five percent of those companies say that they can’t find enough people with creativity and innovative skills that they need, so there is a very serious shortage. Despite this, we find that perhaps not enough steps are being taken in the education arena and in the corporate arena. Curriculum to foster creativity is offered by most high schools we found, but it is not a required part of the curriculum in more than half of the high schools.

Similarly training programs for creativity and innovation are offered by most corporations, but 90 percent of them are not required, they are optional.

And finally, our research shows arts is one of the most powerful indicators of creativity and both educators in the business community believe that.

Since I am the last thing standing between you and testimony from Robert Redford, let me be brief and just reflect on my own personal experience as a CEO of several institutions, as an academic at the Wharton School and now a CEO of the conference board. I think about who are the people that I want to work on the most important priorities or to run the organizations that I run? In very simple terms, I want people who can see. And I mean that in the most broadest of definitions; people who can appreciate and recognize patterns; people who can communicate and people like those who preceded me who can command an audience, people who can be part of a team to accomplish a larger goal. These are the sorts of things that business leaders need and want to be competitive and to succeed in our businesses. It is my personal belief that arts, arts education, participation in the arts is something that really fosters this in our workforce and I think we need more of it.

[The statement of Jonathan Spector follows:]

**Written Testimony in Support of FY09 Appropriations for the  
National Endowment for the Arts**

Submitted by Jonathan Spector

Chief Executive Officer, The Conference Board  
House Appropriations Subcommittee on Interior, Environment & Related Agencies

**“Role of the Arts in Creativity and Innovation”**

April 1, 2008

Mr. Chairman and Distinguished Members of the Subcommittee, thank you for inviting me to be here. My name is Jon Spector, and I am the Chief Executive Officer of The Conference Board.

As an independent, not-for-profit and non-advocacy organization, The Conference Board does not take or advocate positions related to policy or funding. We do, however, listen to, respond to and communicate the concerns of 2,000 of the world's major companies, 70 percent of them in the United States, representing 80 percent of the Fortune 500. Our mission is to help those businesses perform better, and to help them better serve society.

Very clearly, a major concern of the business community is whether the United States has the skilled and ready workforce that is needed today, and will be needed tomorrow, to compete in the global marketplace. I am here today to describe to you the findings of several major studies we recently conducted that shed some light on this challenge, and in particular to describe the important role of the arts, creativity and innovation in ensuring that as a country we have the workforce we need to be successful.

Innovation, creativity, and related skills such as entrepreneurship are clearly a top concern of senior executives. In our most recent survey of nearly a thousand Chief Executive Officers, they told us the challenge of stimulating creativity, innovation and entrepreneurship is among their top 10 concerns.

In our recent report, *Are They Really Ready to Work?*<sup>1</sup>, we asked more than 400 U.S. employers to identify the skills that new hires need to succeed in the workplace. Creativity and innovation, and the applied skills that support innovation like critical thinking, communications, and problem-solving, were considered more important than the traditional skills of basic reading, writing and math. And these companies further stated that the importance of creativity and innovation would only increase in the future.

Significantly, these same employers report substantial deficiencies in these crucial skills among job applicants with every educational level we outlined: high-school graduates, two-year college graduates, and even four-year college graduates. In other words, employers say that not enough graduates entering the U.S. workforce are “ready to work.” Taking some examples from a long list: More than a quarter of employers find that applicants with a college degree are deficient in written communications; those with a high-school diploma are deficient in critical-thinking and

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<sup>1</sup> The Conference Board, Corporate Voices for Working Families, Partnership for 21<sup>st</sup> Century Skills, and Society for Human Resource Management, *Are They Really Ready to Work? Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21<sup>st</sup> Century U.S. Workforce*, 2006, ISBN No. 0-8237-0888-8.

problem-solving, and those who come out of two-year colleges and technical schools lack creativity and innovation.

As innovation is crucial to competition, so is creativity integral to innovation. In November 2007, The Conference Board's Workforce Readiness Initiative collaborated with Americans for the Arts and the American Association of School Administrators to examine this issue in greater detail. We surveyed those close to high-school graduates (public school superintendents), and those close to the workforce entrants these graduates become (employers), to identify and compare their views surrounding creativity.

Today I'd like to share with you some of the very important insights we discovered. The Key Findings of this study, *Ready to Innovate: Are Educators and Executives Aligned on the Creative Readiness of the U.S. Workforce?* have just been published; the full report will be out this Spring.

Mr. Chairman, 72 percent of employers say creativity is of primary concern when they're hiring new employees. And 99 percent of the superintendents who educate future workers, and 97 percent of the employers who hire them, agree that creativity is becoming increasingly important in U.S. workplaces, so this number is likely to rise further. However, we see the same gap in our newest research that I mentioned earlier: 85 percent of employers who say they're concerned with hiring creative people also say they can't find the applicants they seek.

What are educators and corporations doing to address this challenge? Obviously, there are many initiatives under way in both sectors to enhance the skills of new workers. And we found that a significant majority - 83 percent of superintendents and 61 percent of employers - feel they have a responsibility for instilling creativity in the U.S. workforce.

But this sense of responsibility isn't matched by their current offerings - not in their schools and not in their workplaces.

We gave our sample of superintendents a list of 12 educational activities or experiences that promote creativity, and more than three-quarters reported that almost all of these activities and experiences are supported within their high schools. But in more than half of these schools, only a few of these activities are part of the required curriculum - the rest are optional offerings in which students themselves must choose to engage.

And we conducted similar research with employers, who identified a very similar set of training and development activities that enhance creativity in the workplace. But we found that fewer than one in 10 companies provide those activities or training options to all their employees. And in more than half the companies, many of these activities and training programs were not offered at all, even on an "as needed" basis.

One reason why educators may not be pushing to make these sorts of activities and initiatives part of the core curriculum is that they believe their graduates are already well trained. We identified 11 skills that demonstrate creativity - skills such as *ability to identify new combinations of actions*, *ability to originate new ideas*, *fundamental curiosity* - and asked

superintendents whether their graduates met or exceeded employers' expectations in these areas. A majority of superintendents replied that their students were well equipped in all 11 skills.

But the majority of employers report that new workforce entrants fall short of their expectations in four important areas: *ability to identify new patterns of behaviors or new combinations of actions*; *comfort with the notion of 'no right answer'*; *originality and inventiveness in work*; and *problem-solving*. These are important differences in the views of employers and educators, and should be a focal point for future discussions.

Finally, both superintendents and employers agree that arts-related study in college is among the most important indicators of creativity in hiring. School superintendents rank *arts* study as the highest indicator of creativity, followed by *experience in performing arts/entertainment*. And employers rank *arts* study and *self-employed work* as the top two indicators of creativity, in almost identical proportions.

Clearly, these studies offer a great deal of food for thought and continued investigation. In particular, we believe it is time for employers to evaluate how well their corporate support of education and the arts as well as their own employee-training programs stack up against the strategic value they themselves place on innovation and its creative underpinning. And it is also time for greater dialogue within and across all sectors to better understand and align efforts to foster creativity in current and future U.S. employees.

Thank you for your time and I look forward to responding to any questions you may have.



Mr. DICKS. Well, thank you very much, you bring an important perspective from the business community and your academic background, we thank you for being here today.

Mr. LYNCH. Thanks, Jonathan. Proof positive that today's business leaders in the arts community share a unifying theme in that the arts drive creativity and innovation.

Finally our next witness hails from the world of film but has been a champion of arts and culture in all art forms for many years, and a friend to scores of artists seeking an avenue for their own expression and a friend to Americans for the Arts, it is an honor and pleasure to ask Robert Redford to come and join me here.

Robert Redford, actually Congressman Shays went through a lot of the credits ahead of time so I won't go into that. Robert Redford, as an academy award winning director, actor, producer, environmentalist and activist. A long time advocate for the arts, he founded the Sundance Film Festival and Sundance itself, and is the co-chair of our Americans For the Arts National Arts Policy Roundtable and assembly of leaders in philanthropy, business like Jonathan Spector, government and the arts. I would love to have him tell his story to you.

Mr. REDFORD. Thanks, Bob, well let me start off by saying I am very happy to have redeemed myself with Congressman Shays, between Barbara and Glenn Close, but it is kind of curious that he didn't mention my films with Jane Fonda.

Well, first thing I want to say because it is important, I want to be able to say what an honor it is to be with my colleagues, John and Kerry, they have made contributions, and I think their presence here speaks very well for why we are all here. And if I touch on points already stated by anybody, you will forgive that, but it is because it is so important that we're here and the cause we're here for, we are pretty united on that front. But thank you for welcoming us here today and I appreciate the chance to communicate with you directly about the value of public investment in the arts.

There have been—as Bob I guess he didn't say it, but there has been some discussions with the Americans for the Arts, for some time now out at Sundance, we have a joint interest in telling the real story of the role of arts in the new century, and of course storytelling is, as we all know, a pretty great and honored art in itself, time honored art in itself and one I am personally pretty familiar with, but these discussions with Americans for the Arts led to a gathering at Sundance in 2006. And what was convened out of that was an organization called the National Arts Policy Roundtable. We held that at Sundance at the village. And by the way, just for some of you folks who might not be aware of it, there is sometimes confusion about where Sundance is. A lot of people think it is Park City, it is not. Park City, we are about 40 miles away higher up in the mountains in a more secluded area. Park City is the infrastructure that serves us well for 10 days in January. So we kind of rent that space, but that is it, it's not Sundance, not to demean Park City.

We convene this thing and the endeavor was marked by a pretty interesting composition of participants, there was a coalition; there was businessmen, there were corporations, foundations, lieutenant

governors, chief economists, CEOs from Silicon Valley, in addition to the Americans for the Arts. And the conference was founded on the premise that arts are critical to all aspects of our society.

So those gatherings have been not only exciting but really, really valuable and they are discussed more in detail with the written testimony that I have submitted to you.

And I hope that some of you will be able to join us in our next conference, which will be a regular, annual thing September 26th to 28th, you are all welcome.

So developing the creative instinct as the folks here have said really, really pays off. It can result in a powerful economic driver in communities both large and small clear across the country. And the best thing I can offer is a personal example of the benefits of that, so if you will forgive the self-serving tone here, but I would like to talk about taking Sundance, for example, which I started with a grant, maybe some folks don't know this. But when I had the idea, it was a new idea, and new ideas unfortunately nobody votes for, so you have to get out there and crank it up yourself.

I felt that because of my reputation at that time, which was as an actor, and a lot of people didn't trust actors when they tried to do something new. When I was doing environmental work in the 70s, I would get hammered pretty good, what does he know, he is an actor. And then Reagan got elected and took that off the table, that helped. But still in all, I was still concerned about my credibility in trying something new, so I went to the NEA and I wanted the imprimatur of the NEA's credibility to start this new idea. So that happened, and I think it is important for you all to know that that was the seed that began what eventually became Sundance.

So I started that in 1980, it was a shoestring to be sure, but that was a start, and I think then it has grown. I think some of you may recognize it has grown pretty dramatically over time and served as an inspiration for creating other Sundance entities like the festival, not nonprofit festival. Sundance Institute is nonprofit. There is a line between what the nonprofit does which is the seed thematically of everything we do. I would say you could say our mission is contained in the nonprofit. And then at a certain point when the nonprofit reaches a certain critical mass or break point, you can move into the profit zone and that is where the trouble starts.

But at any rate, the other Sundance entities, the festival in the 1980s, and the catalogue and the Sundance Channel, which I am happy to say Kerry has just given us a piece of her valuable time. And the newly formed Sundance cinemas, which has opened in Madison, Wisconsin and San Francisco.

In addition, the lab that started just for film has expanded to include theater and music and documentaries, and now producers. So I think that this, in turn, has created an economic impact in multiple sectors around the country. But I would also say cultural as well.

For example, cultural example is when we structured—when we went international with the festival, it was about 1991 or '92, once that platform was established, all of things when they started there was some time when we didn't know it was going to make it. Once you knew you were solid enough to continue and grow, we went

international with the festival at the same time that global barriers were dissolving and the world was becoming more one. We could take advantage of that by bringing filmmakers and artists all over the world to Sundance and we could go to their area.

So that in a sense, I guess you could say rather than film just being used as straight out entertainment, we formed something that provided more like a cultural exchange program, something I am pretty proud of.

The Sundance Festival, which is a 10-day event, generates between 60 and \$64 million annually in economic activity from the State of Utah, that is fairly significant. When you add the global impact of the filmmakers who are nurtured at our film labs, you are around programs that are launched at our festivals, then the economics become fairly significant. And actually, that is really part of the story, because the Sundance entities employ 900 full-time and another 400 seasonal employees a year.

One of the most inspiring things for me, however, is the consistent pool of 1,500 volunteers who come from all over the country and the world to help run our festival, in exchange for what we think are pretty good cultural experiences that it offers them. So obviously, I am here because, like everybody else, I feel the arts are a very, very solid investment, I think cultural experiences enrich the performance of workers in every sector.

And in our competitiveness and global economy will thrive in ways not even possible without creativity and innovation in forming how we are going to be coming to the table. I have never felt more strongly that education in the arts is an essential goal for the 21st century. And I think it should also start before kindergarten and should go all the way through life. If we could establish that as a reality, then in an American educational program, then I think that we can effectively foster and develop skills necessary for creative innovation.

On a personal note, as a kid growing up, my personal road into this as a kid growing up, I grew up in Los Angeles in a lower working class community, not much available to us, education system was kind of crippled because a lot of valuable teachers were off to the war which was still going on, and I was classified as a problematic child. I was always out the window with my attention, I always wanted to be in sports, I wanted to be physically moving, nothing excited me in class, I was not inspired, I was classified as problematic or dumb, which was kind of hard to live with.

But something happened that was a major turning point for me, in the third grade, I would draw out of boredom, I would draw while the teacher was talking. She got insulted and she wanted to punish me. She said I guess you have something more interesting to do there, maybe you would like to show the class. I was embarrassed and humiliated and I went up and I showed what I was doing. And something happened that was extraordinary, she, I think, recognized that this was a valid expression, that art was a valid expression for me.

And rather than put me down, which could have ended something right there, she encouraged me. She said well, you are telling a story then? I said, yeah, I guess that is right. And she said, why don't you do this every week day at this time and you'll come up

and you'll draw us a story. And so I did, and suddenly something shifted where I didn't feel quite so bad after all. And I don't know what would have happened had that teacher not recognized that through this educational system. I don't know where my life might have gone. I don't know what—whatever has happened to me now, I don't know where it would have gone.

Sometimes I wonder where I am right now in the sense that just when you think you are feeling good about yourself, I was having dinner not long ago in a restaurant and this big table of folks was sitting there and they were looking at me and winking and smiling and nudging each other, and I thought, well, what is going on there?

Finally this guy gets up and he comes over to my table and he said, hey, I am really, really sorry to bother you, he said, I have to tell you, I love everything you have done. I said, well, thank you. I mean the whole time, all the work you have done. It is just—I am just a fan and I am sorry to interrupt you but I had to come tell you that.

I said, thank you. He said, really, I think what we enjoy most of all is your salad dressing. So I think those humbling experiences are important for any artist.

But how all this is going to play out is something that can effect any sector. Every new innovation, whether its in the field of science or engineering or medicine, music is going to be driven by this creative process. And with a new administration is always coming—coming new opportunities. It is my hope and this word comes to why I am here directly, it is my hope that you would take an even bigger leap for the arts.

Bob has made it very clear, others here have made it clear, what we have is appreciated, but there is so much more that can be done. When you see the example of people like John, myself, Kerry and what might have gone a different direction and why we're here today, it is important, and there are many, many more like us out there potentially, and more funding will bring more forward and it is going to be a greater boon for our society.

So I think the other thing that has been very painful for me over the years to watch how art was treated when I would see art subsidized in other countries. I would say, why don't we have a subsidy considering the size and strength of our country. Why is art always pushed to the side? Why is it always relegated to the back of the heap, either ignored, or in more dire political circumstances, trying to be erased as though it was dangerous? I don't equate a painting in the same way a drive-by shooting occurs, so I say what harm, what harm? It is a freedom of expression. Isn't that one of our democratic principles we are supposed to be proud of?

So it is a big deal for me. I am here to say that as much as we appreciate the 144 that is there and what increase could come. In my opinion, we need \$500 million. And \$500 million would just create all kinds of benefits that it makes inspiration for. First of all, when you stop and think, there is nothing out there that didn't start without a creative idea. When you think that a creative idea, as we have seen recently in Silicon Valley in the last 20 years, a creative idea that is brand new that can sponsor an innovation,

that leads to a new industry, that leads to new jobs, that is pretty great economics. So I feel pretty strongly about that.

It is my hope that in addition to the greater increase for the NEA that there could be a separate major arts educational initiative in the schools, because it is in those schools, that is the structural avenue that people can come through, and therefore the funding has to go there.

So to get to the point that we can offer at Sundance to help do this, I would ask that you consider the partnerships of the Americas for the Arts, the NEA, and the National Arts Policy Roundtable that was started at Sundance in 2006. That together we could, that we could hold hearings or help you hold hearings around the country. This partnership can help organize these hearings for you, and conduct the kind of research that you all may need to help make the case that we're here to make ourselves. With having said that, I am very pleased to be here, I am honored to be here and thank you for your attention.

[The statement of Robert Redford follows:]



**Written Testimony in Support of FY09 Appropriations for the  
National Endowment for the Arts**

Submitted by Robert Redford

Actor, Filmmaker & Chairman, Sundance Preserve  
House Appropriations Subcommittee on Interior, Environment & Related Agencies  
**“Role of the Arts in Creativity and Innovation”**  
April 1, 2008

Mr. Chairman and Distinguished Members of the Subcommittee, thank you for inviting me to be here. My name is Robert Redford, and I am the Chairman of the Sundance Preserve in Utah and member of the Americans for the Arts Artists Committee. I am pleased to be a part of the Americans for the Arts delegation and come to our great capitol for Arts Advocacy Day. I am also here to testify in favor of a Fiscal Year 2009 appropriation of \$176 million for the National Endowment for the Arts (NEA).

A character in a movie from an important book was told to “Follow the money” – so I’ve followed the money – and found that the source of federal arts funding in America starts with you.

I heard about the success of your hearing last year, and realized that this committee is providing a genuine opportunity to communicate to Congress the value of public investment in the arts, I wanted to join you. I spoke at the 2003 Nancy Hanks Lecture on the Arts so it has been five years since I last came to Washington to advocate for the arts.

But first let me mention my background, some of which you may know, some you may not. I grew up in Los Angeles. I was shaped by World War II and a time when we were all united in its purpose—unlike conflicts of today. Because times were tough, and my family financial resources slim, we didn’t have fancy toys or luxuries and had to be creative in inventing worlds of our own. My imagination was my most valuable commodity and thankfully it became a life force for me at a very young age. I saw the world around me not only as it was. I saw the world around me as it could be. Art and the imagination that gave it life became my closest companions.

Before anyone was much interested in what I had to say, they were interested in what I created. As a kid, I remember sketching everything in sight. My parents and their friends played cards and I began drawing them as a group, individual faces and the like. Then I moved under the table and began sketching their feet at which point I think everyone started to worry. Even though they thought I was weird, I got attention and encouragement for my “art” at a young age.

My third grade teacher recognized that art was an alternative means of expression for me as I struggled with more traditional approaches. My teacher's encouragement of my artistic tendencies allowed me realize art was something legitimate to pursue and that it was integral to how I was finding my way in this world and making sense of things. If not for this, I may have taken a path that wasn't as fulfilling and productive.

While I was a poor student academically, I shined in sports and I attended the University of Colorado to play baseball. At that time I had what is called a "troubled youth" and left college early to pursue painting.

I studied painting in Europe and at the Pratt Institute in Brooklyn and took classes at the American Academy of Dramatic Arts. I came into the arts as a way of expressing myself. Looking back, the path I was on was a troublesome one and lacking any direction. I have said before, and I believe it to be true, that the arts saved my life. I began acting in small stage and television shows. I found that through work in places like summer stock theater that the ability to experiment, to shape and form a character and develop as an artist could freely take place. I then found some parts on Broadway, and eventually began a career in the movies. None of this was expected, or planned, and came to me only through small steps.

Clearly my life in the arts is a fortunate one. Not only was I able to enjoy a paycheck, but I found projects that had a voice to them – that communicated a message. It is this form of expression that led me to found the Sundance Institute and the Sundance Film Festival and other initiatives that allow for artists to develop their craft.

#### *Americans for the Arts National Arts Policy Roundtable*

In 2006, I began to co-convene with Americans for the Arts the inaugural National Arts Policy Roundtable. It was founded on the premise that arts are critical to our society and that every American should have an opportunity to participate in all forms of art—a goal that has particular resonance with me, and why I am pleased to be a partner in this endeavor. Our topic in 2006 was "The Future of Giving to the Arts in America" and it was examined by about 30 leaders in business, foundation, philanthropic and cultural sectors. The leaders from each of those sectors have to balance many social needs in addition to the arts on a daily basis.

The theme for our second convening this past October was "Thinking Creatively and Competing Globally – The Role of the Arts in Building the 21<sup>st</sup> Century American Workforce," and we sought to confront the way we prepare students to succeed in the workplace and society of the future.

I can tell you that the energy and excitement around the table for this topic was real—and encouraging. We learned that the belief that the arts are an essential part of restoring the United States' ability to compete successfully in the 21<sup>st</sup> century global, knowledge-based economy was not just an idea held by those of us living a life in the arts—it's a passion that was shared by as diverse a set of leaders as a Lt. Governor, a chief economist, the CEO's from Silicon Valley, music, film and the hospitality and sports industry, to the several Presidents of major corporate and private foundations. The report from the Conference Board that Mr. Spector presented, "Ready to Innovate" was a significant part of this discussion.

I'll share with you the principles we came away with, and are committed to helping leaders in public, private, education, and culture sectors to understand:

1. Literacy in the arts is an essential educational goal for the 21<sup>st</sup> century—not just for a privileged few, but rather for all students, workers, and citizens;
2. As disciplines that both nurture and enhance creativity inquiry and innovation, the arts complement—and are not in competition with—other fields that depend on these applied skills such as math, science, and engineering, and;
3. In order to foster and develop creativity and innovation skills that can be applied in life and work, opportunities for arts learning must begin before kindergarten and continue throughout higher education, as well as in the community and the workplace itself.

These principles provided the foundation for three recommendations: to build a body of research to demonstrate how the arts foster creativity and innovation; to promote the arts, but emphasize that arts education not only prepares students for entry into the workforce, but also fosters excellence among workers; to continue outreach between individuals and organizations concerned with America's competitiveness in the 21<sup>st</sup> century global economy.

It's time for art to interface more substantially with other sectors.

Obviously this will require the vision and cooperation of many important sectors in our society working together to accomplish: you, as Members of Congress, our corporate, private sector and education leaders and the cultural communities. It is not beyond our reach, and it may in fact be our most important imperative, since there are many countries in our global community who are already forging ahead with a unified strategy to harness the creative energy of their citizens.

Looking forward, I would like to extend an invitation to each of you on this panel to attend the next National Arts Policy Roundtable – we would welcome your involvement on this topic.

The concept of integrating the arts into occupational endeavors is what I consider a key aspect of my message to you today. Let me try to illustrate my point in another way:

In 1981 I founded the Sundance Institute with a grant from the NEA when many others were skeptical of the idea's potential and ultimate worth. I will always be grateful to the NEA for believing in us at the time. It was instrumental in getting us started. It wasn't just the seed funding, but the seal of approval that gave the idea impetus.

The Institute began as an effort to foster independence, discovery, and new voices in American film. That spring, ten emerging filmmakers were invited to the first Sundance Institute Filmmakers/Directors Lab where they worked with leading writers and directors to develop their original independent film projects. In the remote natural setting and removed from the pressures of the marketplace, each emerging artist was encouraged to take creative risks and to craft a film true to their own, unique vision.



Since those first Labs, the Institute has grown into an internationally recognized resource for thousands of independent film, theatre, and music artists. The Institute's programs include the annual Sundance Film Festival, held in and around Park City, Utah. And at Sundance, Utah some 40 miles away, the Institute also conducts programs involving emerging independent screenwriters and directors, nonfiction documentary filmmakers from around the world and a program to connect filmmakers with musicians allowing accomplished musicians to explore composing for film. There's also an independent theater development program.

All these programs serve as an incubator for producing art and served as the inspiration for creating other Sundance enterprises, culminating in not only cultural significance, but positive economic impact in multiple sectors. The Sundance Film Festival alone, an 11 day event, has generated between \$59-64 million annually in economic activity for the State of Utah. When you add the global economic impact of filmmakers and playwrights nurtured in the Institute's year round programs and labs or launched at the Festival---who go on to very successful careers in the entertainment sector, the economics are quite significant.

And that's only part of the story. Collectively, Sundance entities employ nearly 900 full-time and another 350-400 seasonal employees each year. In addition, some 1500 volunteers come from all over the country and world to help run the Sundance Film Festival each year in exchange for the rich cultural experience it offers them.

Not every community can have a festival like Sundance, but many communities can benefit from the same kind of creative exploration, in film, but also in all other kinds of artistic expression. I am pleased to point out that there is an annual Tacoma Film Festival hosted by The Grand Cinema, a nonprofit movie theater and the Tallgrass Film Festival held annually in Wichita, Kansas which had record attendance this past year. I'm sure that many other communities represented on this committee have similar festivals. Perhaps the subcommittee could hold field hearings so that these communities could share information on their local efforts to build their creative economies?

Many of the artists that compete in these film festivals will continue on to careers in the arts. But those who don't pursue that career path may use the skills they gained through filmmaking as writers, graphic designers, as engineers and other audio/video endeavors -- all occupations that pay above average wages and are in demand locally.

#### ***The Arts As An Economic Driver***

The Arts & Economic Prosperity study shows that America's nonprofit arts and culture industry generates \$166.2 billion in economic activity every year -- \$63.1 billion in spending by organizations and an additional \$103.1 billion in event-related spending by audiences. The national impact of this activity is significant, supporting 5.7 million jobs and generating \$29.6 billion in government revenue.

The reason I bring this research to you is to provide a link between the recommendations that we've worked on at the Roundtable and actual businesses and jobs that exist in your congressional districts today. Supporting the arts with federal funds is supporting an investment into a vibrant and sustainable job sector.

We already know that the National Endowment for the Arts has made grants in every congressional district, what we need to do now is increase the size and frequency of those grants. Last year, Utah received 18 grants from the NEA providing just over \$1 million in federal support. That may sound like a lot of money if you're thinking that these funds are used only for costumes and stage lighting, but it's not a significant investment if you realize the tremendous need and potential that exists to make this a major source of economic development. An economic development tool like this should be on a track to reach \$500 million in NEA funding.

We need to change our thinking from a time when economic development was limited to building a road or a power plant. Indeed those are elements that are needed at the beginning of an economic development plan, but now that we're decades beyond those stages, we can focus on what's next. And what's next is investment in the creative economy. An economy that brings the best of American ingenuity to towns of all sizes and can add great value to the people and organizations that strive to develop their creativity.

As most of you know all too well, when the economy is in as bad a shape as it is now, art becomes the "throw-away." Art and art education becomes the funding cut they feel won't have a tangible effect. In other words, it's the cut from which they think nobody will suffer and they think nobody will notice its absence. Well that's not true. It may take a while to get it, but society at large will suffer and I believe, society at large will ultimately notice.

The opportunity before us now is to invest in an emerging economic sector, one that has the power to grow jobs and businesses while also producing cultural benefits for our country – that is the vision I ask you to consider.

What most of you know that maybe others don't is that out there right now is some kid with a great song in their head we've yet to hear or a novel in their heart that has yet to be written. There's someone out there that hasn't picked up a paintbrush yet but has a masterpiece on the horizon. There's a kid out there who hasn't picked up a camera yet but could end up making a memorable film of their time.

What most of you know that others might not as clearly see, is that the nurturing of creativity comes into play in the everything from world diplomacy to world economics, business endeavors to social endeavors and everything in between. It is creativity that gives all of it the nuance that often makes the difference. In all its forms, art plays a critical role in finding our way as people and as a culture.

So today I join hundreds of arts advocates in our quest to speak to our Members of Congress; to share with them our research and to ask for their support. Thank you for your time and I look forward to responding to any questions you may have.

Mr. DICKS. First of all, thank you very much for taking the time to be here, I remember that in 2003 you were here for the Nancy Hanks lecture and I had a chance to have dinner with you afterwards, and it was a highlight of my career.

Mr. MORAN. That has been a full career.

Mr. DICKS. Very full career. And just like we were watching the Nationals the other night and Zimmerman comes up in the bottom of the 9th and hits the home run to win the game, the first game at the new stadium, you had to think of Roy Hobbs in *The Natural*. You have been *The Natural* for the country, frankly. I really do appreciate your leadership on the environment, for the arts, being involved in the arts policy, activities of the alliance. And I think you are absolutely right, this is well beyond the National Endowment for the Arts. This is absolutely essential to every school in the country, the fact that we are working away from arts education when we should be embracing it because of the fact that it does help students in their other subjects.

Mr. REDFORD. Can I add one more thing to that?

Mr. DICKS. I think it is absolutely essential that we do this.

Mr. REDFORD. Thank you, Chairman. Can I add one more—

Mr. DICKS. Sure.

Mr. REDFORD. It might be of interest to the mayors. The mayor from Hawaii was mentioning the role of mayors and you were acknowledging that. Around the—at the same time the Americas for the Arts in Sundance, we had a mayors' conference for global warming, and the idea was that since nothing was coming from the top, that it would come from the bottom, grassroots would be more effective in contrast to what we were getting and also more democratic in terms of what we are getting so we had that. And these mayors came and out of this conference about global warming, you can compartmentalize down into several aspects, from water, air and so forth.

The Coalition of Mayors was formed in Texas to find some very, very dangerous polluting, coal-fired powered plants. Well, what we did at Sundance we said, you did that, that is what you mayors have done. Now what we are going to do is bring art to the table, and so we are going to film your process. That film process led to a project called *Fighting Goliath*, another one called *The Unforeseen*, which is a good example of how art and other aspects of our society can connect, whether it is politics or science or what have you. And that art can really tell the story that you all are working to get told, that is another valuable asset.

Mr. DICKS. I agree with that. Mr. Tiahrt.

Mr. TIAHRT. Thank you, Mr. Chairman. I just wanted to tell Mr. Lynch he did a great job of organizing a broad appeal for funding for the arts: Mayor Hannemann with his 8-point plan including an extension of the arts; and John Legend, talking about how arts benefit the corporate world as they did at BCG; Kerry Washington, a living breathing example about how funding for the arts can be a success story; and of course, John Spector, using facts to try to back up the argument, I thought did an excellent job presenting; and Mr. Redford who makes a strong point that the arts are very influential on our culture. And they bring something beneficial to our culture economically, as well as expanding it in the arts.

You know, after *The Electric Horseman*, I went out and bought a brand new pair of boots, cowboy boots, wore them out. It does have a great impact on our society when you remember that. I think what you brought out, Mr. Lynch, about how cities and States step up to the plate and contribute billions to expanding the arts is a very important point, that we can leverage those things. And through whether we can get \$144-plus million in our budget, whatever the amount is, hopefully more, I think we can leverage that very well, and you brought up a very good point. So thank you for bringing such fine witnesses and making such a strong case. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Moran.

Mr. MORAN. Thank you, Norm. I share those sentiments, Mr. Lynch. And I appreciate the fact that we have the highest concentration of arts in my district. It wasn't always that way. When I was mayor of Alexandria, we had this massive Torpedo Factory that was being unused, and we converted it to an art center. And people said we would never be able to fill it because it is so large, the opposite has been true. What people couldn't imagine is the economic boom it has meant to all of Northern Virginia. We are very proud of that. I know all of us have examples of where that has been the case.

It is especially nice, Mr. Chairman, to see people who have the ability to attract us and to entertain us, but also to show the depth of their intellect. Mr. Legend, Mr. Washington, that was certainly the case. It is compelling testimony that you were willing to share with us, obviously you as well, Mr. Redford. It is obvious that all three of you wrote your own testimony. I was a little disappointed that you didn't share all of your prepared statement because in the prepared statement, Norm, Mr. Redford described how he got carried away with sketching and would climb under the table and sketch people's feet, which was a dimension of your personality that I never really fully appreciated, but that is a neat story.

There are teachers when you can find a teacher that understands what turns someone on and defines who they are and can be, that is neat. And I hope that she realize who it was that she got started in an artistic career, it is a great story.

Norm, thank you for giving us the opportunity to have this hearing, and I trust it will be a major contributing factor to your ultimate objective, which is to give the arts the kind of priority that it deserves in this country.

Just one other thing, and I don't want to speak too much, but I have been sitting back listening, and one of the things that has occurred to me, when you think about 9/11, we have such a transformative, adverse impact upon our society and our economy and so on. I read a couple of books about when they look into who those people were who carried out the attack on 9/11, and they make up the composition on people who become terrorists and threaten our way of life. Turns out that almost invariably, they are well-educated, but they have been educated in engineering and mathematics, in kind of the hard sciences, very intelligent people.

When they looked at the curricula that they have studied, they found almost, without exception, that it was devoid of courses in philosophy and comparative religion and the literature, particularly

of the western world, but it would apply to the eastern world as well, and the humanities in general, but particularly in the arts. And those who have reflected on this realize that it is the arts that give us the ability to empathize with the other, that is one of the driving purposes of the arts. We don't go see a movie or read a book to necessarily see ourselves reflected, but to learn about the world around us. And it is that dimension that is so often lacking, and you wonder what we could achieve if we could simply make the arts available in a far more accessible way throughout the world.

I just came back from Afghanistan, Pakistan and Iraq, and, you know, it is not just the creation of civil society, but the civility of society, the ability to refine, reflect and empathize with others. And so we appreciate the fact that you get it and you want the rest of this country to get it and we thank you very much.

Mr. DICKS. Mr. Chandler.

Mr. CHANDLER. Thank you, Mr. Chairman. I consider myself to be extremely blessed in many ways in my life, but one of the greatest blessings that I have been afforded was to have a mother who is an artist and a very fine one, in my own opinion. It may be a bit biased, but I think she is. And throughout my childhood, she inoculated me with the notion that creativity was utterly important, that it had to be promoted and encouraged in every way possible.

Now, her efforts with me didn't do much good, but at least she got me to understand and appreciate the importance of creativity in others. And the case that you are making, the case that Mr. Redford is making and so forth, about the importance of creativity to our economic advancement, I just think it is absolutely on target, absolutely right, particularly in the economy that we are in today. We need to encourage it, we need to invest in it as much as we can. It does create jobs.

In fact, thank you, Mr. Redford for employing my own cousin at your art shack at Sundance. I can tell you firsthand it creates jobs.

Mr. Chairman, you can put me down as one vote absolutely for the \$176 million figure and I would like to work toward the \$500 million.

Mr. DICKS. We appreciate your enthusiasm. Mr. Pastor.

Mr. PASTOR. Thank you, Mr. Chairman and I would also like to thank all the witnesses for their testimony this morning and into this afternoon. I would like to thank the artists who were here for the talent I have shared with them, either on the movie screen or, in some cases, a concert and the CDs, and—but I would like to thank them for continuing to be an advocate in this country so that this country will have the juices out there, the ability out there to have the dreams that young people have that some day they will be realized by having art in the schools and available to them in museums and in our communities.

So I thank them for being advocates for that venture, and about the only disappointment I do have is the gentleman at the restaurant. I was sorry we didn't have the salad dressing.

Mr. DICKS. Thank you all for coming, and I just want to wrap this up. Robert, thank you again for the great job you did in the arts advocacy, all your good work, thank you for the witnesses. We will do our very best. We are challenged. The President cut our

budget by a billion dollars from last year's level, the entire budget, and we are faced with the reality that since 2001, the Interior Department's been cut 16 percent, EPA has been cut 29 percent, the Forest Service is cut 35 percent. So we are in a very difficult position but we will just do the best we can. The Seattle Seahawks said that you have to play the hand you are dealt. Well, this year we got dealt a bad hand and this year we will do the best we can with it and especially for the arts.

Questions for the Record  
 Questions from Chairman Dicks  
 National Endowment for the Arts – FY 2009 Budget Request  
 Hearing Date: April 1, 2008

**Dicks Question 1.** Let me ask you to update the Committee on the latest data on the Big Read program which has encouraged reading of great literature not just by more people but by more communities. How many programs have been funded and how many American communities are participating?

**Answer.** Initiated to help stem the decline in reading by Americans of all ages, *The Big Read* was piloted in 2006 in 10 towns and cities, both large and small. *The Big Read* has grown exponentially over the past two years to include 325 programs in 2,000 communities. We anticipate another 200 programs to take place during 2008-09. Altogether, *The Big Read*, the largest Federal literary program in U.S. history, will engage Americans in reading and discussing the same book in thousands of communities, and is expected to serve every congressional district.

**Dicks Question 2.** What is the cost of the Big Read program to the taxpayer?

**Answer.** Since the beginning of the program some three years ago, \$10.208 million in Federal funds have been obligated in support of 325 *Big Read* programs. Of this amount, the National Endowment for the Arts provided \$7.958 million and the Institute of Museum and Library Services provided \$2.250 million. In addition, the NEA has expended \$917,000 in private funds donated to the agency for *The Big Read*. During 2008-2009, the NEA expects to support another 200 *Big Read* programs with Federal program funds of \$5.795 million, including \$.500 million from IMLS, and donated funds of \$.250 million. Grant awards to communities require a one-to-one match from non-Federal sources. The Arts Endowment has requested \$13.289 million in FY 2009 for *American Masterpieces*, including its literary component, *The Big Read*.

**Dicks Question 3.** Using the Big Read program as an example, can you tell us how NEA evaluates whether a good concept when broadly implemented is actually effective in accomplishing its goals?

**Answer.** *The Big Read* is a program developed by the National Endowment for the Arts to respond to U.S. Census findings that the majority of Americans no longer engage in literary reading. The continual decline is detailed in NEA's 2004 survey *Reading at Risk* and the NEA's 2007 report, *To Read or Not To Read: A Question of National Consequence* which provides comprehensive data – collected from the U.S. Department of Education, U.S. Department of Labor, universities, foundations, and other sources – about the reading habits of Americans.

In absolute terms, *The Big Read* aims to help restore reading rates to significantly higher levels – particularly for young adults and the teenage and male populations for whom

reading is in sharpest decline. With regard to *The Big Read*, we have a statistical benchmark based on results from a large, nationally representative survey we conducted in collaboration with the U.S. Census Bureau. Titled the “Survey of Public Participation in the Arts” (SPPA), the survey showed that in 2002 less than half of American adults read a work of literature, and that only 57% read any book whatsoever in the previous year. According to SPPA trend data, the percentage of young adults reading literature has declined sharply, from 60% in 1982, the first year of the survey, to 43% in 2002.

The NEA realizes, however, that performance targets for *The Big Read* cannot be based on quantitative inputs alone. Certainly, the Agency would like *The Big Read* to generate future survey results showing that well over half of American adults and youth read a literary work within the last year. Such clear outcomes would go a long way toward proving the success of *The Big Read* program. Yet one-to-one correspondences of this sort, though desirable, are difficult to measure through a general population survey. For example, the next SPPA – which occurs in May 2008 – may yield higher nationwide reading rates than in 2002, but how much of that growth could be directly attributable to *The Big Read*?

To account for this complexity, we have adopted multiple methods to evaluate the success of the program. For the last three grant cycles of *The Big Read*, a third-party evaluator has administered print and online surveys to participants, grantees, and partners involved in *The Big Read*. The participant surveys include a “pre-” and “post-” component and allow us to track demographic information about participants and their self-reported reading rates before and after completion of *The Big Read* in their communities. Reported reading rates are benchmarked to the 2002 SPPA data. A realistic measurement would be how many new readers come into the program and how many frequent readers engage in the many community and literary activities surrounding *The Big Read*.

At present we are engaged in measuring the growth in first-time visits to libraries, literary events, book clubs, and author readings, frequency of conversations about reading and literature (as reported by participants), and circulation of print and broadcast news coverage of *Big Read* events. Separate surveys to grantees and *Big Read* partners – along with qualitative data gleaned from interviews, focus groups, site visits, and grantee final reports – help the evaluator to understand which aspects of *The Big Read* work efficiently and which need improvement.

Apart from positive responses to multiple questionnaires, another measure of the program’s success is its geographical reach: how Americans with access to *Big Read* events throughout the country are responding to its programming, audio guides, and educational materials. We are pleased to report that at the current rate of applications received by the Agency, we expect 525 high-quality proposals to have been funded by the end of 2008, which should allow us to reach thousands of communities in every congressional district with *Big Read* programming. Efforts are also under way to analyze changes in the percentage of repeat grant applicants.



**Dicks Question 4.** How do you validate the scientific validity of your evaluation studies?

**Answer.** The NEA's Office of Research & Analysis (ORA) works to ensure the scientific validity of national evaluations. For *The Big Read*, the office convened an expert panel to review proposals to evaluate the program. Knowledge about survey design and analysis – as well as experiences conducting case studies – were rated highly in the panel review process. After selecting a qualified third-party evaluator, the office carefully reviewed all survey instruments, the sampling framework, and protocols for interviews and focus groups, so that the questions minimized risks of bias. Additionally, the statistical methods for data collection and the analysis plan for the evaluation were subject to stringent review by the Office of Management & Budget.

In reviewing each interim report from the evaluator, the ORA demanded clear explanations of the sample sizes, survey response rates, and representativeness (geographically and by age, gender, and race/ethnicity) of the study population. Working with the ORA, the evaluator used this information to recalibrate the study design, where possible, to produce more accurate measurements. Non-respondent surveys and oversampling techniques were some of the tools we used in later phases of the evaluation.

**Dicks Question 5.** How much money is budgeted for evaluation studies and how has this changed over the last several years?

**Answer.** In FY 2008, \$370,000 is allocated in program support funding for research and analysis. This funding supports the production of unique data sets and analyses that provide important insights into public policy issues affecting artists, arts organizations, and the general public. Funding in previous years for these efforts has ranged from \$229,000 in FY 2007 to \$454,000 in FY 2006. This funding made possible NEA's survey, *Reading at Risk*, and the Agency's November 2007 report, *To Read or Not To Read: A Question of National Consequence* consisting of comprehensive data about the reading habits of Americans of all generations from Federal, university, and other sources.

Additionally, program funding may be provided for evaluation of National Initiatives and/or leadership projects. For example, a total of \$330,000 was awarded to Arts Midwest in FY 2006 and FY 2007 for evaluation of *The Big Read* programming. NEA also awarded \$120,000 in both FY 2006 and FY 2007 to the Council of Chief State School Officers for the evaluation of the *NEA Summer Schools in the Arts* initiative.

Evaluations of NEA programs are also provided through our partners. For example, the Poetry Foundation has spent approximately \$35,000 to \$45,000 annually since FY 2005 to evaluate NEA's *Poetry Out Loud: National Poetry Recitation Contest*.

**Dicks Question 6.** Last year the Congress included language in the Omnibus bill creating a domestic indemnity program to insure traveling art exhibits. This was supported by a broad spectrum of the American museum community and, informally by

the NEA. I believe that you have just issued draft regulations for the new program. Can you tell the Committee why such a program is justified and how NEA will administer the program?

**Answer.** In recent years, there have been huge increases in the valuations of major works of art, enormous increases in insurance premiums to cover temporary exhibitions of both international and domestic loans, and a combination of prohibitive expense and scarcity of available commercial insurance to cover the perils of earthquake, terrorism, and war. These factors combined have significantly limited the ability of American museums to share significant works from their collections with other U.S. museums and the American public. Numerous exhibitions have been canceled, postponed, or curtailed due to the high cost of insurance. Because the existing indemnity program has covered international exhibitions successfully for nearly 33 years, with virtually no claims for loss or damage, it is believed that a program for coverage of domestic exhibitions would provide effective relief to American museums with little additional risk to the U.S. Treasury.

The domestic indemnity program will be administered in the same way that the international program has been managed by the NEA: the guidelines are nearly identical (with the same safeguards and rigorous questions); an advisory panel of museum experts will review the applications; and the Federal Council on the Arts and the Humanities (composed of the heads of nineteen agencies) will make the final decisions on which exhibitions will be indemnified. There will be two application deadlines per year starting later this year.

**Dicks Question 7.** The domestic indemnity program has a cap of \$5 billion in any given year. In your opinion how much risk has the American public taken on in creating the new domestic indemnification program?

**Answer.** There are statutory and regulatory limits in place in the indemnity legislation and the guidelines, including a cap on the amount of coverage for a single exhibition (\$750 million), a limit to the dollar amount on any single conveyance (\$80 million), and a deductible layer to cover the first losses, which is the responsibility of the organizing museum, all of which protect the U.S. Treasury. Given the stringent requirements of the program, and the low loss record of the international indemnity program over 33 years, we believe the risks have been minimized to the greatest extent possible.

**Dicks Question 8.** Over the history of the international indemnification program, how much money has been paid out of the Treasury for losses? We have heard it is less than a million dollars.

**Answer.** Throughout the 33-year history of the international indemnity program, the U.S. Treasury has paid a total of \$104,700 in claims.

**Dicks Question 9.** Does this budget maintain the traditional 40 percent set aside of NEA program dollars for the State Partnership programs?

**Answer.** Yes. Of the \$101.632 million in grantmaking funds requested in FY 2009, 40 percent or \$40.653 million is allocated to State and Regional Partnerships.

**Dicks Question 10.** Approximately 20 percent of your State Partnership funding, about \$8.6 million, is allocated for the category called “underserved.” Can you tell us who qualifies under this program and how funding is used?

**Answer.** The Arts Endowment defines an underserved community as one in which individuals lack access to artistic excellence due to geography, economic conditions, ethnic background, or disability. State Arts Agencies and Regional Arts Organizations utilize the NEA’s Underserved funds through strategically designed programs and initiatives that reach and strengthen underserved communities. They work with artists and arts organizations to improve their business practices and expand opportunities for residents to experience and participate in the arts. The impact of these investments is a driving force in the revitalization of communities.

Examples:

The **Washington State Arts Commission** reaches underserved communities through several avenues. Its *Project Support Program* funds small arts organizations and community service groups in remote rural areas from Anacortes to Wenatchee to provide performances, workshops, and other participation opportunities. Examples of projects supported:

The **Chinese Opera R&D Association** in Lakewood received project funding for the Chinese opera, *The World of Love*. This event broadened the organization’s audience in Tacoma and included a sold out performance held at the Meydenbauer Center in Bellevue. Their productions introduced audiences and younger generations to a significant aspect of Chinese traditional culture.

**Youth Theater NW** conducts a theater arts education program to a diverse audience of children, youth, and their families who may not have the financial resources or the exposure to the arts in their communities. The Washington State Arts Commission helped support Youth Theater NW’s summer production of the musical *Seussical*, which provided technical training and engaged more than 60 youths.

The **Kansas Arts Commission** places a special emphasis on increasing arts access for its underserved citizens. The KAC provides funding to Accessible Arts, Inc., to conduct *Creating Arts for All* training workshops and one-on-one consulting for educators and program administrators to learn how to provide increased creative opportunities for students with physical disabilities.

**New Mexico Arts** has developed and supported a cultural economic initiative - *Fiber Arts Trail* - that helps build the market for weavers in the poorest, most rural parts of New Mexico. A Trail Guide directs visitors to the studios and work of more than 200

artists and fiber-related businesses at 71 sites throughout the State. This initiative honors the State's native traditions, and fosters entrepreneurship and a sustainable future for individual artists. This has enabled artists to stay in their own communities rather than move to larger cities to find employment. Through their art, they preserve and expand upon their fiber arts traditions, maintain and strengthen their communities, and help build New Mexico's creative economy.

The **Massachusetts Cultural Council's *YouthReach Initiative*** awards grants to local cultural organizations that promote out-of-school arts, humanities, and science opportunities for young people in need. The Initiative links cultural organizations with human service agencies to help at-risk youth challenged by a disability, violence, or poverty. After-school and out-of-school arts programs provide these young people with structure and an environment that support their intellectual and creative development. This Initiative is a model program that has received national recognition, with many projects cited for excellence by the *Coming Up Taller* awards given by the President's Committee on the Arts and the Humanities.

**Dicks Question 11.** Chairman Gioia, the authorization for the NEA expired I believe in 1993. Can you tell us if there has been any movement on a reauthorization? Can you also tell us if the Administration has proposed any changes to your authorization?

**Answer.** Authorization of the National Endowment for the Arts expired in 1993. There is no movement by the Administration to seek changes to the Agency's authorization. The House Education and Labor Subcommittee on Healthy Families and Communities has scheduled a hearing for the NEA to provide information on National Initiatives and other programs undertaken by the Agency in recent years. The hearing is scheduled for May 8, 2008.

**Dicks Question 12.** Chairman Gioia, could you explain appointment process for the position of Chairman of the NEA and also tell the Committee when your term expires?

**Answer.** According to the National Foundation on the Arts and the Humanities Act of 1965, as amended, the Chairman of the National Endowment for the Arts is appointed by the President with the advice and consent of the U.S. Senate for a term of four years. The individual nominated by the President is considered by the Senate Committee on Health, Education, Labor and Pensions. I was unanimously confirmed by the Senate in 2003 and again in 2006. My second term as Chairman expires on February 15, 2011.

**Dicks Question 13.** Your staff have indicated that you need a technical change in your bill language related to recovery and use of prior year balances in the Challenge Grants program. Can you explain this language for us?

**Answer.** In FY 2001 and FY 2002, Congress appropriated Challenge America funds to a no-year "Challenge America" account. Appropriations bills since then have provided "That funds previously appropriated to the National Endowment for the Arts 'Matching Grants' account and 'Challenge America' account may be transferred to and merged with this account [our 'Grants and Administration' account]." The language was deleted from NEA's FY 2008 appropriation bill. The NEA continues to need the authorization to merge these accounts to access funds available within them.

Questions for the Record  
 Questions from Congressman Tom Udall  
 National Endowment for the Arts – FY 2009 Budget Request  
 Hearing Date April 1, 2008

**Udall Question 1.** It is clear from the testimonies of the witnesses today, and from countless studies that the arts are fundamental to our young people's educational and social development. Many of your nation-wide programs reach into the schools. Is the NEA doing any direct coordination with the Department of Education to strengthen arts programs in the schools?

**Answer.** National Endowment for the Arts and the U.S. Department of Education are partners and primary funders of the Arts Education Partnership designed to strengthen and deepen existing arts education programs in schools and outside schools. Also engaged in the Partnership are the Council of Chief State School Officers and the National Assembly of State Arts Agencies.

**Udall Question 2.** With the funding outlined in the President's FY09 budget, what national NEA initiatives would be prioritized and what national initiatives would see reductions?

**Answer.** Under the FY 2009 budget request, *American Masterpieces* and *The Big Read* would remain at FY 2008 levels approved by Congress. The other National Initiatives would experience reductions in funding. For example, *Poetry Out Loud* would be funded at FY 2007 levels resulting in a reduction of \$5,000 per award to each State Art Agency and certain territories from FY 2008 levels. Likewise, *Shakespeare in American Communities* would be funded at FY 2007 levels, which is \$150,000 less than the FY 2008 allocation.

**Udall Question 3.** With the funding outlined in the President's FY09 budget, what NEA grant programs would be prioritized and what grant programs would see reductions?

**Answer.** Under the FY 2009 budget request, *American Masterpieces* and *The Big Read* would remain at FY 2008 levels approved by Congress. However, under the FY 2009 budget request, all other NEA grant programs – Access to Artistic Excellence, *Challenge America: Reaching Every Community*, and Learning in the Arts – would see reductions from FY 2008 levels.

Questions for the Record  
 Questions from Congressman Todd Tiahrt  
 National Endowment for the Arts – FY 2009 Budget Request  
 Hearing Date April 1, 2008

### **The Big Read**

By all accounts, the NEA's national literary initiative – *The Big Read* – has become a tremendous success in a very short period of time. Your budget justification notes that it began in 2006 as a pilot program, was expanded to reach 200 communities last year, and that you expect to reach 250 to 300 communities this year. During our recent meeting, you mentioned that your eventual goal is to have *The Big Read* serving every congressional district.

**Tiahrt Question 1.** Based on the initial early success of this program, what is a reasonable expectation of when you will achieve this goal? What are the greatest obstacles to realizing this objective? (Funding? Organization?)

**Answer.** Upon completion of the first four programming cycles in June 2008, *Big Read* activities will already have occurred in nearly 2,000 communities covering 300 congressional districts, as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. The fifth programming cycle, for which grantees have yet to be selected, will run from September 2008 through June 2009. We expect that by June 2009, *Big Read* program activities will have served every congressional district.

We have faced several challenges in this ambitious quest. First among them has been how to sponsor effective *Big Read* programs in very large, rural States. We have been fortunate that some rural States have taken on the challenge by using the media and other resources to engage citizens locally and often statewide. Montana, North Dakota, and South Dakota have hosted three *Big Read* programs each, and Alaska has hosted four. In urban areas we have encountered the opposite dilemma, where there are multiple enthusiastic applicants. The challenge is to encourage them to work in partnership, so that they adopt the same book and programming timetable, creating a unified *Big Read*.

Some communities want to participate but lack the infrastructure to manage the many and diverse partnerships necessary for effective programming. In such cases we have had some success persuading a neighboring *Big Read* community to expand its programming to include the smaller community. We also have cities with popular, pre-existing citywide reading programs that are resistant to including *The Big Read* in their communities because they have established branding and protocols with their ongoing programs. We have made some inroads in persuading participation by such communities by pointing out that *The Big Read* complements and enhances their existing programs.

By participating in a national program, they gain publicity to encourage more readers. There is no shortage of American communities eager to promote multi-generational reading and discussion of a classic novel through *The Big Read*.

### **The NEA and Indian Country**

The mission of the Arts Endowment is “to support excellence in the arts, both new and established; bring the arts to all Americans; and provide leadership in arts education.” In addition, the NEA is charged by Congress to fund arts projects in underserved communities, those communities that have not traditionally had access to the arts for a variety of reasons.

**Tiaht Question 2.** To what extent does the NEA provide grants or fund programs that reach Indian Country? How many tribes and how many reservations do you reach presently?

What goals and/or expectations do you have for reaching underserved communities in Indian Country in the future?

**Answer.** The NEA serves Indian Country and the nation’s Native Americans in numerous ways. Annually, the NEA awards direct grants to tribes and their non-profit organizations, honors exemplary Native American artists with lifetime achievement awards, and engages tribes in NEA’s National Initiatives.

Between FY 2004 and 2007, the NEA awarded 140 grants totaling \$3.2 million to 35 Native American tribes and funded many more projects serving Native Americans in 30 States. The vast majority of NEA’s tribal funding helps support projects that preserve and transmit Native arts traditions between generations. For instance, a FY 2004 grant of \$10,000 to the Nez Perce Tribe in Idaho helped support a two-week summer camp for youth to deepen their appreciation of Nez Perce language, arts, song, dance and traditions; a grant of \$10,000 to the Pawnee Nation of Oklahoma supported an artist in residence program in Native Pawnee storytelling, poetry and painting; and a grant of \$20,000 to the Four Bands Community Fund in Eagle Butte, South Dakota, helped the Lakota preserve their folk and traditional arts.

NEA grants are also awarded to non-profit organizations established by tribes. For instance, an FY 2007 grant of \$100,000 to the Institute of American Indian Arts Foundation in Santa Fe, New Mexico, funded scholarships for Native American students to study the visual arts. The Wisdom of Elders, Incorporated, located in Portland, Oregon, received an NEA grant to help fund a public radio program managed by Native Americans. The Northwest Native American Basketweavers Association, based in

Seattle, received NEA funding to support their annual gathering of basket weavers from tribes throughout the Northwestern States.

Native Americans are well represented among the recipients of the NEA National Heritage Fellowship, the highest award given to traditional and folk artists by the U.S. Government. Between Fiscal 2004 and 2007, the Agency recognized the lifetime achievements of six Native Americans from six different tribes: Gerald “Subiyay” Miller of Washington State, a member of the Skokomish tribe; Grace Henderson Nez, a Navajo; Delores Churchill of Alaska, a Haida; Esther Martinez of New Mexico, a Pueblo; Pat Courtney Gold, a Wasco; and Julia Parker, a Kashia Pomo. In addition, novelist N. Scott Momaday, a Native American from New Mexico who is the current Poet Laureate of Oklahoma, received the 2007 National Medal of Arts, the U.S. Government’s highest award to artists and arts patrons.

NEA’s *American Masterpieces* National Initiative recognized from the beginning the contributions of Native American artists by awarding a grant of \$140,000 to the Artrain to tour an exhibition called “Native Views: Influences of Modern Culture” consisting of 170 contemporary artworks by Native Americans. The train took the exhibition through 15 rural States, including Alaska, stopping in small towns so local citizens could board and see the exhibit.

At least eight *Shakespeare in American Communities* grants have engaged theater companies in providing Shakespeare performances for Native American students. Most noteworthy was the statewide tour of *Macbeth* by the Perseverance Theater of Alaska, set in the context of the Tlingit culture, fusing Shakespeare’s language with the drumming, dancing, and visual design of the Tlingit people. More recently, with funding from the NEA, the Arizona Theatre Company performed *The Twelfth Night* in reservation schools from Northern Arizona to the Mexican border and brought Navajo students from four Indian schools into their Phoenix theater to experience live theater.

Native American communities are participating in *The Big Read*. Six tribes have received grants to date, with another six tribal applications received for future participation. For instance, the Grand Traverse Band of Ottawa and Chippewa Indians in Suttons Bay, Michigan, hosted a *Big Read* program that brought the community together including both the Tribal Elders Cultural Sessions and the Kitchi Minoginning Tribal School in reading and discussing Amy Tan’s *The Joy Luck Club*. At present, in Oklahoma, the Comanche Nation elders are active partners in the Lawton Public Library’s reading and discussion of Steinbeck’s *The Grapes of Wrath*.

In addition, NEA State Partnership funds and their underserved allocation are used by State Arts Agencies to award grants to tribes and tribal organizations. Between FY 2004 and FY 2007, 45 State Arts Agencies report that they awarded more than 928 grants totaling \$3.6 million to tribes or their organizations.



The National Endowment for the Arts is proactive in reaching out to underserved communities and welcomes suggestions of how to serve the Native American community better. In recent years, the NEA has undertaken a number of efforts to engage more fully Native Americans in all of NEA's programs. NEA makes every effort to be inclusive and encourages the State Arts Agencies to include representatives of tribes, tribal colleges, and non-profit 501(c)(3) organizations that serve Native Americans in their grants workshops and programming.

As an active member of the White House Initiative on Tribal Colleges and Universities, the NEA uses the network of 32 colleges and universities to reach out to tribes about funding opportunities and opportunities to participate in NEA's National Initiatives. In November 2007, an NEA grants specialist participated in a technical assistance workshop, "Strengthening Academic Competitiveness for Tribal Colleges and Universities," held in Bloomington, Minnesota. Representatives from ten tribal colleges learned about funding opportunities from the NEA and other Federal agencies: Blackfeet Community College in Browning, Montana; Chief Dull Knife College in Lame Deer, Montana; College of Menominee Nation in Keshena, Wisconsin; Keweenaw Bay Ojibwa Community College in Baraga, Michigan; Leech Lake Tribal College in Cass Lake, Minnesota; Nebraska Indian Community College in Macy; Salish Kootenai College in Pablo, Montana; Sisseton Wahpeton College in Sisseton, South Dakota; Turtle Mountain Community College in Belcourt, North Dakota; and White Earth Tribal and Community College in Mahanomen, Minnesota.

Following the workshop, Chairman Gioia sent a letter in January 2008 to the presidents of all 32 tribal colleges and universities to encourage them to either sponsor or participate in *The Big Read* in their community. An unprecedented six applications are now under consideration from tribes and tribal colleges for *Big Read* programs to take place in 2008-09.

### **NEA and the Role of Partnerships**

The NEA has had tremendous success in launching successful programs in conjunction with both governmental and corporate partners. The Boeing Company and the U.S. military services, for example, were instrumental to the success of *Operation Homecoming*. The Department of Defense and Boeing also teamed up to provide opera and musical theater performances to military families across the United States through the *Great American Voices Military Base Tour*.

**Tiaht Question 3.** Can you elaborate on the role of partnerships with both governmental and non-governmental partners? How much money is the NEA able to

leverage from other government agencies? How much from corporate and other non-governmental partners?

**Answer.** The American system of arts support is a decentralized and constantly evolving system that combines a multitude of funding streams including Federal, State, and local government support with private subvention from individuals, corporations, and foundations, as well as earned income from box office receipts. The National Endowment for the Arts facilitates conversations about our culture, out of which emerge thousands of collaborations, large and small, national, regional, and local. NEA operates most effectively when it is engaged in fostering and sustaining these partnerships.

The NEA has established strong working relationships with numerous Federal departments and agencies, including legislative branch agencies. For instance, we currently have programs in partnership with the Appalachian Regional Commission, the Department of Justice, the National Park Service, the Social Security Administration, and all the Federal cultural agencies. In FY 2007, the NEA partnered with 12 Federal agencies to fund 21 different arts projects. Under 13 partnership agreements, Federal agencies transferred \$2.4 million to the NEA for projects such as *Save America's Treasures*, the *Coming Up Taller* awards, *The Big Read*, the *Governors' Institute on Community Design*, and the Social Security Administration's National Forum on Careers in the Arts for People with Disabilities.

Under nine other Federal partnership agreements, the NEA transferred \$866,000 to other Federal or legislative agencies to enhance the artistic merit of programs. For instance, the NEA helps support the Library of Congress' National Book Festival at which the NEA has its own tent that showcases the work of contemporary poets. Also, the NEA joins with other Federal cultural agencies to support a number of projects, such as the Institute of Museum and Library Services' National Conservation Summit. We also help support bilateral cultural exchanges providing funding to the Japan-US Friendship Commission for residencies of U.S. artists in Japan, and funding to the Open World Leadership Center for Russian artists and arts administrators to come to the United States.

The NEA receives donated funds, solicited and unsolicited, restricted and non-restricted, from private sources. In FY 2007, the NEA received \$1.256 million for both restricted and unrestricted purposes from corporate and other non-governmental partners. The Boeing Company continued its donations to the NEA, providing funding for *The Big Read* for military bases. Previously, The Boeing Company donated funds to the NEA to support NEA's *Operation Homecoming* and *Great American Voices Military Base Tour* programs for military personnel and their families. Darden Restaurants Foundation is a major supporter of NEA's *National Heritage Awards* events.

We are proud to report that XM Satellite Radio airs a series of NEA-produced Jazz and Literary "Moments." The total fair market value of the donated air time for these public service announcements in FY 2007, which run numerous times each month on a number of different XM channels, is estimated at \$2.6 million. Additionally, in the final month of FY 2007, the NEA and XM partnered to launch a daily radio broadcast series focusing on books and authors featured in the NEA's *Big Read* initiative. The NEA-produced moments are available also to other radio stations for broadcast.

TUESDAY, MARCH 11, 2008.

**NATIONAL ENDOWMENT FOR THE HUMANITIES 2009  
BUDGET REQUEST**

**WITNESSES**

**BRUCE COLE, CHAIRMAN, NATIONAL ENDOWMENT FOR THE HUMANITIES**

**JESSIE GERSON-NEIDER, TEACHER, PROSPECT HILL MIDDLE SCHOOL, SOMERVILLE, MASSACHUSETTS**

**STEVEN WHEATLEY, VICE PRESIDENT, AMERICAN COUNCIL OF LEARNED SOCIETIES, NEW YORK, NEW YORK**

**OPENING REMARKS OF CHAIRMAN DICKS**

Mr. DICKS. The Committee will come to order, and Bruce, I want to welcome you back to what I believe is your seventh appearance before our Subcommittee presenting the budget for the National Endowment for the Humanities. If I am correct, later this spring you will pass the milestone of being the longest serving director of the Endowment. This is a remarkable accomplishment, not just because of your longevity in the job but also because of your contribution to preserving and advancing the cultural heritage of our country. We appreciate your service to the country. Thank you.

Speaking for myself, it is no secret that I believe that this country's investment in the humanities and the arts has been woefully underfunded during the last dozen years. Your current appropriation request of \$144 million, which is essentially a freeze at the 2008 level, is still \$33 million below the level provided in fiscal year 1994. Factoring in inflation, our support for the NEH this year is 40 percent below the level 14 years ago. In my opinion, those lost dollars are lost opportunities for investment in programs which enrich our culture and strengthen our democracy.

I will also observe, however, that I believe NEH has done a very good job with this amount of resources which have been provided. Your We the People program has tackled head on what you have described as the country's historic amnesia. The new Picturing America program within We the People is an exciting new addition which we understand will soon be in schools and libraries throughout the country. I appreciate your coming up and personally showing me some of the pictures done by some of our best artists. In fact, I am going to send my set out to my grade school in Bremerton, Washington, Naval Avenue Grade School, because I was so impressed with them. My mother went there too before I did. Naval Avenue is the name of it. You would not expect that in Bremerton, Washington, would you?

Later this week the House will debate a budget resolution for 2009, which we hope will allow the Subcommittee to expand its support for the arts and humanities as well as for other programs

under our jurisdiction. I, for one, hope we can at least get to \$160 million for the fiscal year 2009, which was the level originally approved by this Subcommittee last year for 2008, and I am hopeful the President will be more flexible in negotiating these numbers with the Congress this year than last. As chairman of the NEH, maybe you can remind him to worry a bit more about history during his last year in office.

Bruce, we look forward to your testimony and to working with you on this year's budget, and I do mean it, I think you have been one of the finest, if not the finest, chairman that we have had and certainly the most energetic and hardworking in expanding this program all over the country. I think it is a great tribute to you and to your service.

Mr. DICKS. And now I will turn to Mrs. Emerson to present her statement.

#### OPENING REMARKS OF MRS. EMERSON

Ms. EMERSON. Thank you, Mr. Chairman.

Dr. Cole, it is so nice to have you here today. Thank you so much, and we are grateful that you are here to present the fiscal year 2009 budget request. Let me also say that I am going to submit my colleague Todd Tiahrt's remarks for the record because I think that it would be a little weird for me to talk about the role that you have played in his home State of Kansas.

Certainly I want to commend you for all the work you all have done in Missouri. It certainly has made a difference in the lives of so very many people, all of those who your programs touch, and I continue to be a big fan of the National Endowment for the Humanities and appreciate your fine work and that of your staff, and the interest that you all take in trying to educate not only our young people but people all across the country.

So with that, I will yield back to you, Mr. Chairman.

[The Opening Remarks of Ranking Member Todd Tiahrt follow:]

Opening Statement of  
 Ranking Member Todd Tiahrt  
 Interior Appropriations Subcommittee  
 National Endowment for the Humanities (NEH)  
 FY 2009 Budget  
 March 11, 2008

Good morning, Dr. Cole. We appreciate you being here to discuss the fiscal year 2009 budget request for the National Endowment of the Humanities (NEH).

The work of the NEH is critical to preserving and promoting the best of the humanities to a wide cross-section of Americans. The study and understanding of history and culture enriches us all and plays a critical role in supporting a better-informed society. The NEH is to be commended for its impressive record of leveraging federal dollars with funding from other non-federal sources to effectively advance the role of the humanities in our lives.

Mr. Chairman, I am particularly proud of the role that NEH is playing in my home state of Kansas, and specifically in my congressional district. I understand that seven schools in the fourth congressional district are *pilot project participants* in the Picturing America initiative. Additionally, of the 184 schools and libraries that have already signed up to join the Picturing America initiative, at least 20 are in my district.

I'm also aware that Wichita State University and the WSU Library have hosted NEH-supported traveling programs on subjects as varied as Abraham Lincoln, jazz, and the Lewis & Clark expedition.

I also appreciate the fact that a NEH grant is making it possible for Phillip Kelley of Winfield, Kansas to complete a documentary on the correspondence between the American poets Robert Browning and Elizabeth Barrett Browning. As I recall, it was Elizabeth Barrett Browning who wrote in her famous sonnet, "How do I love thee? Let me count the ways." (Mr. Chairman, let's remember that line to use on our wives)!!!

Dr. Cole, I applaud the work of the NEH and look forward to your testimony this morning.

Mr. DICKS. Bruce, you may proceed as you wish. I understand you may want to do a short video. We are at your pleasure, and we will put your entire statement in the record. You can summarize or read it or do whatever you want.

OPENING STATEMENT OF BRUCE COLE, NEH CHAIRMAN

Mr. COLE. Thank you very much. Thank you, Mr. Chairman, and thank you, Mrs. Emerson. I am delighted to be here and I am honored to appear before you to speak on behalf of the budget request for the National Endowment for the Humanities for the seventh time. I hope I have not worn out my welcome.

Mr. DICKS. No, you have not.

Mr. COLE. I ask that my prepared remarks be entered into the record.

Mr. DICKS. Without objection.

Mr. COLE. Thank you. The Administration and the NEH are requesting just over \$144 million for fiscal year 2009. This includes \$20 million for the Endowment's ongoing We the People program. I appreciate the Committee's strong support for the Endowment, We the People, and our partners in the State humanities councils.

Last year at this hearing I recounted the many ways in which We the People fulfills the Endowment's mandate to bring the humanities to citizens all across our Nation. Today I want to discuss the newest element of We the People, an initiative called Picturing America. On February 26, I joined President Bush and the First Lady at the White House for the national launch of this initiative, which supports We the People's mission in a unique and exciting way. I wish to thank the Subcommittee for its support for Picturing America. As you know, last year's report language specified that, "Expansion of the new Picturing America program into a nationwide effort should be given the highest priority." To give the Committee an overview of Picturing America, I would like to play a short video produced by the Endowment's friends at the History Channel.

[Video.]

Mr. COLE. Picturing America strengthens our democracy by using great American art to ensure that our common heritage and ideals are known and they are studied and they are remembered, and of course works of art are more than mere ornaments for the elite. They are primary documents of a civilization. They tell us where we have come from, what we have endured and where we are headed. With this in mind, the NEH has chosen notable works of American art that will bring our history and principles alive for students and citizens of all ages. Picturing America includes beloved works such as Washington Crossing the Delaware.

[Posters.]

Andrew is going to do the Vanna White thing there. We get an idea of what they look like. They are very, very high quality, fidelity reproductions. Norman Rockwell's Freedom of Speech and Frank Lloyd Wright's Fallingwater.

Through Picturing America, the NEH is distributing 40 large high-quality reproductions of these masterpieces to tens of thousands of schools and public libraries including private, parochial, and charter schools and home school associations. We already have

tens of thousands of applications. These schools and libraries get to keep these reproductions permanently, ensuring that the program's impact will be felt for years.

Mr. DICKS. We are going to go over and vote and come right back. I am sorry about this.

[Recess.]

#### CONTINUATION OF MR. COLE'S OPENING STATEMENT

Mr. DICKS. Bruce, why don't you go ahead and finish your statement?

Mr. COLE. Okay. Welcome back. I forgot to say when Andrew was showing the reproductions that in this age of global outsourcing, those are 100 percent made in America.

Mr. DICKS. Wonderful. We appreciate that.

Mr. COLE. So these reproductions, 40 of them are being distributed to tens of thousands of schools and public libraries including public, private, parochial, and charter schools and home school associations. They get to keep these, and this will ensure that this program's impact will be felt for decades. Accompanying the reproductions is an in-depth teacher's resource book which helps educators use the images to teach history, literature, and other subjects. The Endowment is also pleased to offer a dynamic website located at [PicturingAmerica.neh.gov](http://PicturingAmerica.neh.gov). This site provides access to all the images, scores of lesson plans, and detailed information on the art and artists.

The scope of this program is unprecedented for the NEH. Through Picturing America, we are extending the Endowment's reach exponentially and broadening public awareness of the humanities, especially in rural and underserved areas where students may never have had a chance to visit a museum. In fact, almost half of the pilot phase recipients were in towns with fewer than 25,000 people, places like Aberdeen, Washington, and Mountain View, Missouri, and I am proud to say that the Naval Avenue Elementary School in Bremerton has applied for one of these sets.

Mr. DICKS. Wonderful.

Mr. COLE. So Picturing America can reach every student in the United States for less than the cost of a first-class postage stamp per student. Two months ago we began accepting applications for Picturing America awards for fall 2008. Since then Picturing America has received more applications than the NEH typically receives in four years for all its grant programs. In fact, we are averaging over 300 applications a day.

Picturing America enjoys support from a wide range of federal agencies: Institute of Museum and Library Services, the Office of Head Start, and the National Park Service. So we are pleased to be able to partner with our other federal agencies. The Endowment has also forged other partnerships with a number of non-federal supporters: the History Channel, American Library Association as well as a number of private philanthropists.

We are also excited about the role the State humanities councils are going to play. The councils have been integral to the success of We the People and we look forward to their contributions to Picturing America.

To give the Committee an educator's perspective on this program, I now wish to introduce one of the stars of the video you just saw, Ms. Jessie Gerson-Neider, who is to my left, who teaches English at Prospect Hill Academy in Somerville, Massachusetts.

Mr. DICKS. You are very welcome. We are glad to have you here.

#### STATEMENT OF MS. JESSIE GERSON-NEIDER

Ms. GERSON-NEIDER. Well, thank you for having me here and I am very excited and honored to have the opportunity to speak to you about the work that my students and I are doing using Picturing America in our classrooms.

I teach seventh grade English and history at Prospect Hill Academy, which is a K-12 Title I charter school in Somerville, Massachusetts, and the students who we serve are largely first- and second-generation Americans. Their families come from all over the world: Haiti, the Dominican Republic, Puerto Rico, Peru, Colombia, to name just a few. Our focus is on closing the achievement gap and preparing our students for college.

About a week ago I told my students that I would be coming here to speak with you, and one of my students, Helen, was quick to inform me that they should be the ones taking these matters in hand. She said, and I quote, "No offense, Miss G, but we are way cuter and we always know what to say." And she is, as usual, correct. So what I would like to do is accept Helen's considerable wisdom and share several snapshots of my students doing what they do best, which is thinking and learning and questioning and making sense of the world around them, and I hope that through this I can demonstrate why Picturing America is such a unique and valuable resource.

One wonderful thing about teaching history and working with first- and second-generation Americans is that they have a pretty unique perspective on what it means to be an American, that it is less an automatic and homogenous birthright and instead is more of a process and even a privilege that comes with both rights and responsibilities and often at considerable cost to them and their families.

The art featured in Picturing America is remarkable in part because it allows students to contextualize this particular experience within the broader narrative of what it means to be an American. In one exercise, my students selected the 10 images they found the most powerful in the series and they laid them out in chronological order and then they did what we call a gallery walk with the purpose of making connections between those images that they had selected and what it means to be an American. In the follow-up discussion, one of my students, whose mother is a recent immigrant from Haiti, was particularly struck by a trio of pictures: the 1846 painting, *County Election*, by George Caleb Bingham, and the iconic 1965 photograph of the march for voting rights from Selma to Montgomery, and finally the 1996 sculpture of a crooked ascending ladder titled *The Ladder for Booker T. Washington*. She kept coming back to these three images, pointing out details she was noticing and differences and similarities between them, and finally with the help of her classmates she articulated her conclusion. She said, "For some people like in the first picture, the *County Election*,



being American is easy, but for lots and lots of people like in the other pictures, being American is hard and maybe that makes being American even more special because the things that you have to work hard for matter the most.” This is sophisticated analysis coming from a 13-year-old but sophisticated analysis is exactly what *Picturing America* is so good at drawing out of students.

As a teacher, I know the best kinds of learning draw on students’ own experiences, helps them create connections to those experiences and then pushes them even further into new and uncharted territory and gives them a sense of the scale and scope of this country and its history. One of my students, who has not traveled widely outside of our immediate urban area, wrote a short response that she shared with her classmates regarding just how struck she was by one of the 19th century landscapes. She said that it was not like anything she had ever seen before but that somehow the painter was showing her just how big the country really is. “There are parts of this country that do not look anything like Boston,” she said, “and I want to see them.”

Because it is visual and therefore forces students to pay attention to details and to make challenging inferences and connections, *Picturing America* is uniquely well suited in ways that textbooks, and even teachers unfortunately, are not to helping students learn the skills of critical thinking and reasoning. As one of my students put it, “Teachers are always talking. They always want us to learn with our ears. But sometimes I want to learn my way with my eyes.” And because *Picturing America* is so rooted in the fundamental question of what it means to be American, it gives students a vital and important framework in which to use these powers of analysis. This is an invaluable resource in our classrooms, and while my students, much to their chagrin, could not be here today, I hope that through their words and experiences that much has been made evident.

So I would like to thank you again for the opportunity to speak here and I would be very happy to answer any questions you might have.

Mr. DICKS. Thank you very much.

#### DIGITAL HUMANITIES PROGRAMMING

Mr. COLE. Thank you, Jessie, for helping us see how *Picturing America* can be used in the classroom.

The Endowment is very excited about the potential impact of *Picturing America*. Our mission under *We the People* and our mandate as a federal agency is to democratize the humanities and bring them to as many citizens as possible. *Picturing America* helps us fulfill both these goals.

Another way the Endowment is democratizing the humanities is through our work in the digital humanities. The humanities are a dynamic enterprise and the NEH has a duty to stay abreast of changes in our field and provide leadership where it can be most effective. We are doing exactly that through our Digital Humanities Initiative, or DHI, which we launched in 2006. The international nature of the digital humanities is particularly important. Digital technology allows nations to collaborate more closely in the humanities so the Endowment is actively pursuing joint efforts with our

international peers in order to fulfill the charge in our founding legislation to foster international programs and exchanges.

For example, we recently joined with Britain's Joint Information Systems Committee, or JISC, to award Transatlantic Digitization Collaboration Grants. These grants will help build a virtual bridge across the Atlantic through the support of digital projects that will unify American and British collections of artifacts, documents, manuscripts, and other cultural material. Last year the NEH entered into a similar partnership with the National Research Council of Italy, and we are working on other such collaborations with agencies in Japan, China, Germany and Mexico.

I would now like to introduce Mr. Steven Wheatley, the vice president of the American Council of Learned Societies. Much of the Endowment's digital humanities work has been informed by a 2006 ACLS report on this topic, so I am pleased that Mr. Wheatley has joined us to share his insight.

#### STATEMENT OF MR. STEVEN WHEATLEY

Mr. WHEATLEY. Thank you. Mr. Chairman and Mrs. Emerson, it is an honor to testify today. I want to thank the Committee and Chairman Cole for the opportunity to speak briefly about the digital humanities. Digital information technologies are transforming the economic, political, and cultural life of our Nation and indeed the world. The humanities are taking part in that transformation but need help to do more. The NEH under Chairman Cole has begun to provide support and leadership to address this challenge.

As Chairman Cole mentioned, I represent the American Council of Learned Societies, a federation of 69 scholarly associations in the humanities and related social sciences. In each of the past five decades, our council has issued a report on how technologies can aid scholarship and teaching. Our 2006 report titled "Our Cultural Commonwealth: A Report on Cyberinfrastructure for the Humanities and Social Sciences," sought to provide decision makers in higher education, government, and private philanthropy a prospectus for making digital investments.

Now, what will be the return on investment in the digital humanities? First, digital technologies dramatically increase access to original materials and to the means of understanding those materials. Massive digital collections of books, articles, images, and sound ease impediments of time and distance. The works of Confucius, Cervantes, Thomas Jefferson, Harriet Beecher Stowe, and Frederick Douglass are now accessed with a few mouse clicks. The University of Nebraska's Walt Whitman Archive, supported by the NEH, provides access to multiple varying editions of Whitman's work as well as to images of unpublished manuscripts. The student, teacher, or general reader is no longer restricted to the holdings of nearby libraries.

Investments in the digital humanities are also yielding rich returns in the classroom. The Center for History and New Media at George Mason University, which received a challenge grant from the NEH, offers History Matters, an online U.S. history survey course for high schools and colleges around the world.

The digital humanities require special investment because they cultivate more than mere information. Having masses of text, im-

ages and sound online is not enough. If digitized materials are to be broadly useful, they need to be accompanied by tools for navigating, selecting, and analyzing the information available, tools, that is, for turning information into knowledge. Humanities scholars must apply their critical expertise to the selection and presentation of materials and to the development of tools for their use such as search engines, online reference, and standards for classifying data.

The Endowment's Digital Humanities Initiative, now established as the Office of Digital Humanities, seeks to make strategic investments to put that expert knowledge on line. I know that Chairman Cole and NEH program officers are thinking carefully about how their grant making fits into and enhances the developing cyberinfrastructure. The Endowment's selection criteria for digital projects focus not on technical innovation for its own sake but on how new efforts will add value to the sustainable work already in place. NEH investments by design leverage and complement investments from other sources.

I very much hope that the Congress will provide the appropriations to continue this important work of assuring that the information age is also an age of knowledge. Thank you very much.

#### CONTINUATION OF MR. COLE'S OPENING STATEMENT

Mr. COLE. Thank you, Steve.

As you can see, digital technology offers the NEH an unparalleled opportunity to fulfill our mandate to democratize the humanities, and we are pursuing that opportunity aggressively.

This afternoon I have only scratched the surface of the Endowment's contribution to our Nation. What unites all our efforts from We the People and Picturing America to our support for the digital humanities and all other grant programs is our mission to bring the humanities to every American. Our agency's founding legislation declares that democracy demands wisdom and vision in its citizens. We take this charge seriously and we are proud of the NEH's continued role in cultivating the enlightened citizenship required for our national survival.

Mr. Chairman and members of the Committee, thank you again for your continued support for the NEH, but before I relinquish the microphone, I want to invite you Committee members and your staff to a special event this Thursday evening from 5:00 to 7:00 p.m. The co-chairmen of the Senate Cultural Caucus, Senators Kennedy and Coleman, are hosting a reception in the LBJ Room to celebrate the launch of Picturing America. I hope to see you there on Thursday night.

I look forward to answering any questions you may have.

[The statement of Bruce Cole follows:]

**Prepared Statement of  
Bruce Cole  
Chairman, National Endowment for the Humanities  
Before the  
Appropriations Subcommittee on Interior, Environment, and Related Agencies  
U.S. House of Representatives  
March 11, 2008**

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Mr. Chairman and Distinguished Members of the Subcommittee:

I am honored to appear before you to speak on behalf of the budget request for the National Endowment for the Humanities.

The Administration and NEH are requesting \$144.355 million for fiscal year 2009. This includes \$20 million for the Endowment's ongoing *We the People* program, which recently celebrated its fifth anniversary. I appreciate the subcommittee's strong support for the Endowment, *We the People*, and our partners in the state humanities councils.

At last year's hearing, I recounted some of the many ways *We the People* helps fulfill the Endowment's mandate to bring the humanities to citizens across our nation. Today, I want to discuss the newest element of *We the People*—an initiative called Picturing America. On February 26, I joined President Bush and the First Lady at the White House for the national launch of this initiative, which supports *We the People*'s mission in a unique and exciting way.

I would like to thank the subcommittee for its support for Picturing America. As you know, last year's Report language specified that "expansion of the new Picturing America program into a nationwide effort should be given the highest priority."

Americans are united not by race or religion or birth. Instead, we are bound by ideas and ideals that every citizen must know for our republic to survive. That survival is not preordained: the habits and principles of our democracy must be learned anew and passed down to each generation. Picturing America helps us meet this challenge. It strengthens our democracy by using great American art to ensure that our common heritage and ideals are known, studied, and remembered. Works of art are more than mere ornaments for the elite; they are primary documents of a civilization. A written record or a textbook tells you one thing—but art reveals something else. Our students and citizens deserve to see American art that shows us where we have come from, what we have endured, and where we are headed.

With this in mind, the NEH has chosen notable works of American art that will bring our history and principles alive for students and citizens of all ages. Picturing America includes masterpieces of painting, sculpture, photography, architecture, and decorative arts, including beloved works such as Emanuel Leutze's *Washington Crossing the*

*Delaware*, Norman Rockwell's *Freedom of Speech*, and Frank Lloyd Wright's "Fallingwater" house. The featured works range from pre-colonial times to the present.

Through Picturing America, NEH is distributing forty large, high-quality reproductions of these masterpieces to tens of thousands of schools and public libraries across America, including public, private, parochial, and charter schools, and home school associations. And they get to keep these reproductions permanently, ensuring that the initiative's impact will be felt for decades.

Along with the reproductions, schools and libraries will receive an in-depth teachers resource book, which helps educators use Picturing America to teach history, literature, and other subjects. The Endowment is also pleased to offer a dynamic online resource for all Americans, located at <http://PicturingAmerica.neh.gov>. This site provides access to the images, resource book, and scores of lesson plans, and also provides detailed information on the art and artists.

The scope of this program is unprecedented for the NEH. Through Picturing America, we are extending the Endowment's reach exponentially. We are broadening public awareness of humanities by bringing American history and art to millions of young people and their families. Two months ago, we began accepting applications for the fall 2008 Picturing America awards. Since then, the initiative has received more applications than NEH typically receives in four years for *all* its grant programs. In fact, Picturing America is averaging about 300 applications per day.

The initiative also enjoys support from a wide range of federal partners, including, to date, the Institute of Museum and Library Services, the Office of Head Start, and the National Park Service. The Endowment has also forged partnerships with a number of non-federal supporters who are helping to extend Picturing America's impact, including the American Library Association and the History Channel, as well as private philanthropists.

We are also excited about the role the state humanities councils will play in this initiative. The councils have been integral to the success of the *We the People* program, and we look forward to their contributions to Picturing America.

By appealing to our young peoples' eyes, Picturing America will make an indelible impression on their minds and hearts. These masterpieces will give millions of students and their families a deeper understanding of American history and principles—and that will help make them better citizens. The Endowment's mission under *We the People*, and our mandate as a federal agency, is to democratize the humanities and bring them to as many citizens as possible. Picturing America helps us fulfill both these goals.

Another way the Endowment is democratizing the humanities is through our work in the digital humanities. The humanities are a dynamic enterprise, and NEH has a duty to stay abreast of changes in the field and provide leadership where it can be most effective. Digital technology is bringing the humanities to a vast new audience, and changing the

way scholars perform their work. It allows new questions to be raised, and is transforming how we search, research, display, teach, and analyze humanities resources.

To focus the Endowment's digital efforts and ensure their effectiveness, we created an agency-wide Digital Humanities Initiative in 2006. In the brief time since its inception, the initiative has instituted several grant categories, attracted many new grant applicants to the NEH, and funded a wide range of innovative projects. In FY 2007, for example, the Endowment made 33 awards for projects that are now exploring new approaches to studying and disseminating the humanities. More than half of these grantees had never received NEH awards, which suggests that we have tapped an important unmet need.

Building on the success of the initiative and demonstrating our long-term commitment to this new frontier in the humanities, we are now transforming the initiative into a permanent Office of Digital Humanities. This office will work with other NEH staff and scholars, and with other funding bodies, both in the United States and abroad, to pursue the great opportunities offered by the digital humanities.

The international nature of the digital humanities is particularly important. Digital technology allows scholars from different nations to collaborate more closely. To this end, the Endowment is actively pursuing joint efforts with our international peers, which helps to fulfill the charge in our founding legislation to "foster international programs and exchanges." For example, we recently joined with the United Kingdom's Joint Information Systems Committee to sponsor a program of Transatlantic Digitization Collaboration Grants. These grants will help build a "virtual bridge" across the Atlantic through support of digital projects that will unify American and British collections of artifacts, documents, manuscripts, and other cultural materials.

Last year NEH also entered into a partnership with the National Research Council of Italy, and we are working on other collaborations with agencies in Japan, China, Germany, and Mexico. Digital technology offers the Endowment an unparalleled opportunity to fulfill our mandate to bring the humanities to every citizen. We are pursuing that opportunity aggressively.

Our FY 2009 budget and program plan also would enable the Endowment's grant-making programs to continue to support high quality projects in all fields and disciplines of the humanities. These time-tested and cost-effective programs advance scholarship, education, preservation, and public understanding in the humanities throughout the United States. In FY 2007, for example, NEH funds supported nearly 1,100 humanities projects in all states of the nation, as well as the District of Columbia, Puerto Rico, and the U.S. territories. An additional 2,000 awards were made, in partnership with the American Library Association, to libraries through our annual *We the People Bookshelf* program. The products of these grants, as well as the projects funded through the state humanities councils, annually reach millions of Americans of diverse backgrounds. In addition to the projects I have already mentioned, some of our other recent noteworthy grants and accomplishments include:

- More than 4,200 teachers from every state of the nation participated in NEH-supported seminars, institutes, and workshops in 2007. Summer seminars and institutes were offered on such diverse subjects as Chaucer's *The Canterbury Tales*, the works of Mark Twain, World War II and its legacy in France, the plays of William Shakespeare, the significance of Alexis de Tocqueville's *Democracy in America*, and the art of teaching the Italian language through Italian art. Landmarks of American History workshops were held for schoolteachers at Mount Vernon, Pearl Harbor, the FDR library and museum at Hyde Park, and Ellis Island. NEH's education programs are based on the idea that students benefit most when their teachers have a mastery of their disciplines and are themselves actively engaged in learning.
- The 56 state humanities councils supported thousands of high quality humanities projects in 2007 that reached millions of Americans. These included reading and discussion programs, speakers' bureau presentations, local history projects, films, exhibitions, teacher institutes and workshops, literacy programs, and Chautauqua-type historical performances. Whether through grant-making or sponsoring their own programs, state humanities councils strengthen the cultural and educational fabric of their states by reaching into rural areas, urban neighborhoods, and suburban communities.
- Recent NEH grants to produce authoritative editions of the papers of notable Americans and other world figures, as well as other research tools and reference works, include the papers of Abraham Lincoln; a Documentary History of the First Federal Congress; an edition of the correspondence of Robert Browning and Elizabeth Barrett Browning; a scholarly translation of a collection of ancient Jewish writings, including the Dead Sea Scrolls; and an interactive website featuring the cartographic history of water systems in ancient Rome. NEH also is supporting a project at New York University to digitize thousand of pages of Afghan books, serials, and documents published between 1870 and 1930 that are currently held in public and private collections in the United States, Europe, and Afghanistan. Serious works of scholarship such as these are important resources for scholars, students, and teachers.
- We are continuing our special initiative and partnership with the National Science Foundation to document the world's endangered languages. This initiative supports projects that create, enhance, and deepen our knowledge of the estimated 3,000 currently spoken languages that are threatened with extinction in the near future. To date, NEH has provided 45 grants totaling nearly \$3.5 million for projects to record, document, and archive information relating to these languages, including the preparation of dictionaries, lexicons, and databases. For example, recent grants are supporting the preparation of a dictionary of Klallam, an endangered Salishan language spoken in Washington state and Vancouver Island; the documentation of the linguistic characteristics of the Comanche language; and a project at the University of California, Berkeley that is enhancing access to

linguistic materials that document over 130 endangered American Indian languages.

- Notable NEH-funded television productions that aired on PBS recently examined key aspects of American history and culture, as well as the history of other nations. The epic series, *The War*—a 14-hour, seven-episode film by noted filmmakers Ken Burns and Lynne Novick—aired last fall and was watched by nearly 40 million Americans. The series covered key events of World War II as seen through the eyes of people in four communities in the United States. Another recent documentary, *John and Abigail Adams*, broadcast as part of PBS's *American Experience* series, used the voluminous correspondence between John and Abigail to capture the couple as real people living in extraordinary times. The Endowment also provided funding for a two-hour documentary on Alexander Hamilton, architect of the modern American economy, champion of a strong central government, and leader of one of the nation's first political parties. The prime-time broadcast of this film on PBS was accompanied by an extensive website with special features that included an interactive timeline, teacher's guide, and video streaming. Another recent film NEH-supported, *The Rape of Europa*, is now being shown through theatrical release and at film festivals nationally and internationally. Adapted from a National Book Award-winning history by Lynne Nicholas, the documentary tells the story of the looting of European art treasures by the Nazis during World War II and the efforts to restore these artworks to their rightful owners.
- The Endowment also continues to support projects related to the observance of bicentennial of the birth of Abraham Lincoln in 2009. To date, NEH has invested more than \$4.7 million in projects that will be available to the public during the bicentennial. This includes, for example, the creation and nationwide circulation of a panel exhibition, "Forever Free: Abraham Lincoln's Journey to Emancipation," that incorporates rare documents and drawings on Lincoln's role in the emancipation of slaves during the Civil War. The exhibition is scheduled to travel to more than 100 libraries through early 2010. With a grant of \$345,000 from NEH, the National Trust for Historic Preservation has created an exhibition and guided tours at the newly restored *Lincoln Cottage* in Washington, DC, which was used by Lincoln and his family as a seasonal retreat from 1862 to 1864.
- Building on our support for projects related to our 16<sup>th</sup> President, the Endowment is embarking on a long-term initiative to observe the sesquicentennial of the Civil War between 2011 and 2015. We have already supported a number of planning projects, including a broad-based Civil War Sesquicentennial Project hosted by the Chicago Historical Society; an exhibition and programs on the war in Missouri; workshops in Mississippi for community college faculty on "*War, Death, and Remembrance: The Memory and Commemoration of the American Civil War*"; and the preservation of Civil War muster rolls by the Pennsylvania Heritage Society. In 2009, the interest among cultural organizations to mount



such programs will intensify, and NEH is prepared to invest *We the People* funds to support these teaching and learning opportunities.

This morning I have only scratched the surface of the many ways in which the Endowment contributes to the well-being of our nation. In all that we do, we are guided by our agency's founding legislation, which declared that "democracy demands wisdom and vision in its citizens." We take this charge seriously, and we are proud of NEH's continued role in cultivating the enlightened citizenship that our national survival requires.

Mr. Chairman and members of the subcommittee, thank you again for your continued support for the NEH and for this chance to discuss our plans and priorities.



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## BRUCE COLE

### CHAIRMAN

Bruce Cole is the eighth chairman of the National Endowment for the Humanities.

As NEH chairman, Cole has launched *We the People*, a program to encourage the teaching, study, and understanding of American history and culture. The program includes summer seminars at our nation's historic landmarks to enhance teachers' knowledge of American history, and a program to distribute classic children's books to libraries and schools across the country. *We the People* has also begun a partnership with the Library of Congress to catalogue and digitize the story of our past as told in America's historic newspapers. When the National Digital Newspaper Program is complete, Americans will be able to search 30 million pages via the Internet.

With the benefit of Cole's background as an art historian, *We the People* is also launching Picturing America, a new initiative to help students trace our national story through our greatest artistic masterpieces. Picturing America will distribute large, high-quality reproductions of our nation's finest art to schools and libraries, along with resources to help teachers display the images and explain their importance in the development of our culture.

Under Cole's leadership, the Endowment is also spearheading the application of digital technology to the humanities through its Digital Humanities Initiative, begun in 2006. During his tenure as chairman, the NEH's budget has increased for research, preservation, education, and public programs on American history and culture and for the study of culture in other lands and in earlier civilizations.

Cole came to the Endowment in December 2001 from Indiana University in Bloomington, where he was Distinguished Professor of Art History and Professor of Comparative Literature. Appointed by President George W. Bush, Cole was chosen for a second term in 2005, a reappointment unanimously approved by the U.S. Senate.

Cole's connection with the Endowment dates back to his receiving an NEH fellowship to research early Florentine painting. He subsequently served as a panelist in NEH's peer review system, and then as a member for seven years of the National Council on the Humanities, a presidentially appointed 26-member advisory board to NEH.

Cole has written fourteen books, many of them about the Renaissance. They include *The Renaissance Artist at Work*; *Sienese Painting in the Age of the Renaissance*; *Italian Art, 1250-1550: The Relation of Art to Life and Society*; *Titian and Venetian Art, 1450-1590*; and *Art of the Western World: From Ancient Greece to Post-Modernism*. His most recent book is *The Informed Eye: Understanding Masterpieces of Western Art*.

Cole was born in Ohio and attended Case Western Reserve University. He earned his master's degree from Oberlin College and his doctorate from Bryn Mawr College. For two years he was the William E. Suida Fellow at the Kunsthistorisches Institut in Florence. He has held fellowships and grants from the Guggenheim Foundation, American Council of Learned Societies, Kress Foundation, American Philosophical Society, and the Center for Medieval and Renaissance Studies at the University of California, Los Angeles. He is a corresponding member of the Accademia Senese degli Intronati, the oldest learned society in Europe, and a founder and former co-president of the Association for Art History.

He and his wife Doreen live in the District of Columbia and have two grown children.

Mr. DICKS. Let me ask Jessie a question. Tell us a little bit about how you use these pictures in your classroom. Did you do your own curriculum? Tell us a little bit about that.

#### USING "PICTURING AMERICA" IN THE CLASSROOM

Ms. GERSON-NEIDER. Sure. The librarian shown in the film is unbelievable. She is also a good friend of mine and she is the person who wrote the grant that got these resources for our school, and so she led a series of really focused workshops on ways that we could use those materials in our classroom, and as a result these are being used—I teach English and history. They are also being used in the art classrooms. They are also being used in our reading and research classroom, which is a literacy-building course that we have put in place to help kids with ESL reading issues. So what I am doing is based on information that I got from the user-friendly handbook that comes with the posters, but I would say that I have taken the information and I am probably at this point developing my own lesson plans from it, which I would imagine would be the ultimate goal since it really makes more flexible what you can do with them in different classrooms.

Mr. DICKS. And obviously the reaction of the kids has been very positive.

Ms. GERSON-NEIDER. Oh, they love it, and they have particular favorites. Dorothea Lange's photograph "Migrant Mother and Children," any time we are doing any kind of writing project they want to use that picture hands down.

Mr. DICKS. So how long have you had this?

Ms. GERSON-NEIDER. I think that we had had the resources in the school since perhaps earlier in this school year we got them and it is amazing how quickly they have become pretty ubiquitous in the classrooms.

#### BUDGET FOR "PICTURING AMERICA"

Mr. DICKS. How much do we have in the budget to do this? I mean, what if everybody in the country, what if the whole world wants it? What are we going to do?

Mr. COLE. The whole world, we have not counted on that. We figure on the basis of the pilot.

We figure that we will probably get half the universe of American public libraries and schools of all types. That is about 70,000. This is the first implementation phase of the initiative. The deadline for this is April 15, and then we will run one more application competition.

Mr. DICKS. Tax day.

Mr. COLE. That is right.

Mr. DICKS. We want the American people to know they are getting something for their money.

Mr. COLE. That is right. And then we will have another round of competition, which will end in late fall. So we figure we will probably get about as many as we are going to get, about 70,000, which is half the universe of public libraries and schools.

Mr. DICKS. And we have enough money to do that?

Mr. COLE. We do.

Mr. DICKS. The last thing we would want is not to be able to finish this.

Mr. COLE. Absolutely, and we made sure when we were planning this that we had enough money to fulfill these 70,000.

Mr. DICKS. What do one of these kits cost?

Mr. COLE. Well, you know, it all depends on how many we are going to produce but probably anywhere—

Mr. DICKS. The price goes down if you—

Mr. COLE. Right. It depends on the volume, but you get the 40 poster reproductions. I wish we could show you that teacher's guide so—

Mr. DICKS. Do you have the pamphlet?

Mr. COLE. It is really a beautiful guide that gives the teachers more information about the works and about the artists and about the events, people and places it portrays, and then there is also the website. But the actual production of the posters, the kit, they come in a special box, will vary. We estimate somewhere between \$100 and \$120 per set, which is really incredible. So, you know, we figured it out for the entire universe, if we were to give a kit to every school and to reach every student in the United States, which I do not think we are going to do just because I do not think that is going to happen. It would be, per student, less than the price of a first-class postage stamp, about half the price of a postage stamp. So it is an incredibly economical resource, and once the schools get it, they keep it and we hope that it will stay there for decade after decade after decade.

#### SUPPORT FOR DIGITAL HUMANITIES PROGRAMMING

Mr. DICKS. Mr. Wheatley, we appreciate your being here today as well and the Learned Society and your historical work on digital humanities. How do you think that is going? I mean, your testimony is very positive but, I mean, are you concerned? Would you like to see it expand, or what can you tell us? Since it was your idea, I guess, the Society's idea originally.

Mr. WHEATLEY. Yes, we represented a broad spectrum of opinion that came together in this report. I think that the Digital Humanities Initiative is very well begun. It could be bigger. The work that it does, as I tried to suggest, leverages a great deal of extra funds because the basic infrastructure, the computers, the servers, the pipes of connectivity, that is there. What we need is the scholars who can help put collections, databases, these teaching materials up there and add to it. So every dollar that the NEH and the Federal government puts in is by definition matched by contributions from the universities where these scholars are working. So I think it is a very efficient means and it could be easily expanded.

Mr. DICKS. What is in the budget for Digital Humanities?

Mr. COLE. Two million.

Mr. DICKS. That is pretty modest, is it not?

Mr. COLE. It is \$2 million for—

Mr. DICKS. Every year, so that does add up.

Mr. COLE. But there are also digital projects in each of the Endowment's program divisions and We the People to support a huge digital project, the National Digital Newspaper program, which I have talked about. We are very keen on digital technology too be-

cause as a federal agency, it gives us an unparalleled tool to reach anyone who has an Internet connection, and not only in the United States but worldwide. So I really feel very lucky to be at the Endowment when the Web is being developed and not only great technology but great access issues are coming to fruition.

#### EVALUATING THE EFFECTIVENESS OF "PICTURING AMERICA"

Mr. DICKS. Mrs. Emerson.

Ms. EMERSON. Thank you.

Thank you all so much. I loved watching that video with you and your students, Jessie, and it was remarkable how engaged they were and how excited, and I just do not remember being in school and liking it as much as those kids seemed to like it, so obviously something is being done right.

Let me just ask, I am curious, and Bruce, this is probably to you as a better question. Are there certain benchmarks that you all have in place to measure the program's overall effectiveness and success, you know, like you did perhaps for We the People but also for this?

Mr. COLE. Every grant product that the Endowment supports has to submit a report. We do not really have benchmarks because the Picturing America initiative is not really a curriculum. It is a teaching tool and it supplements curriculum. So one of the wonderful things, as you can see from Jessie, is that although we have lesson plans, we are really depending on the creativity of the teachers. I visited a number of schools including team-teaching of first-grade class and fourth-grade class at Robert Brent Elementary School here in the District, one of my most terrifying experiences. I have not talked to first graders since my kids were in the first grade or fourth graders, and what I saw was the creativity that the teachers brought in a way that I had not suspected and also the wonderful way it unlocked the enthusiasm and imagination of those kids. It was really one of the most gratifying days that I have ever had at the Endowment. There is, of course, an online application. When the teachers or schools—and by the way, school districts can sign up. The New York school system has signed up, which has 1,400 schools, and 1,100,000 students. Chicago is signing up. Philadelphia is signing up. So we encourage school districts to make one application to us. But one of the things you see is that this brings out this terrific creativity, and when they sign up they have to tell us what they are going to use it for and then you see it is not only history but it is language arts, it is arts, it is the whole spectrum all the way across the curriculum.

Ms. EMERSON. You said Mountain View, Missouri, which is in my district. I might have to go see their program.

Mr. COLE. There were 21 schools in your district that received kits in the pilot phase of the project. There are 465 schools and libraries in Missouri that have already applied, and we have a month until the application deadline.

#### "PICTURING AMERICA": FEDERAL & NON-FEDERAL PARTNERS

Ms. EMERSON. Really? That is fabulous. I am very excited. I will have to take advantage of the opportunity to go visit, I think. Of

course, having watched Jessie teach, I am going to say, are you doing it this way, that is the way Jessie says to do it.

Now, do you all rely on non-federal partners in the private sector educational foundations to help provide matching funds for these efforts?

Mr. COLE. Well, we have been helped with a number of partners. The Institute of Museum and Library Services has given us \$1 million for this. We are partnering with the National Park Service and also it is going to go this year to 10,000 Head Start centers as well. And then we have had a number of private partners who have been very generous.

#### OUTREACH TO UNDERSERVED COMMUNITIES

Ms. EMERSON. Well, and that is important and I am particularly pleased too that you do outreach to underserved communities. The bulk of my Congressional district is an underserved community and so being able to expand the reach of your grant opportunities is so critical, and I am pleased and I know that your budget request does propose funding to support initiatives in fellowships at historically black, Hispanic serving, tribal colleges and universities. Can you just explain for us quickly, and I know we have got votes going on again here, can you explain in some detail the extent to which the National Endowment's sponsored initiatives reach specifically to tribal colleges and universities? I mean, do you know how many grants you provide on an annual basis?

Mr. COLE. No. I can get you those figures, but we make a special effort, especially with tribal colleges and historically black colleges and universities to reach them and we have a couple of guidelines for them as well. We feel very, very strongly about that, that it is the Endowment's mission to reach out to underserved communities and that is why we are pleased with that figure with Picturing America but also some of our other programs reach out to communities where people never have the opportunity to experience a picture or get a humanities program as well, so we feel very, very strongly about that. We are committed.

[The information follows:]

#### NATIONAL ENDOWMENT FOR THE HUMANITIES

##### NEH SUPPORT FOR HUMANITIES PROJECTS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES, HISPANIC-SERVING INSTITUTIONS, TRIBAL COLLEGES AND UNIVERSITIES

The Endowment's grant programs reach underserved communities in several ways. Humanities Initiatives for Faculty at Presidentially Designated Colleges and Universities is a special outreach grant category in the agency's Division of Education Programs that supports efforts to strengthen and enrich humanities education and scholarship at the three types of Presidentially-designated institutions: historically black colleges and universities, institutions with high Hispanic enrollment, and tribal colleges and universities. During fiscal year 2007, five Humanities Initiatives for Faculty awards to historically black colleges and universities (HBCUs) totaled \$239,750; two awards totaling \$60,000 went to institutions with high Hispanic enrollment (HSIs), and two awards totaling \$100,347 went to tribal colleges and universities (TCUs). In the Endowment's Division of Research Programs, Faculty Research Awards for historically black and universities, institutions with high Hispanic enrollment, and tribal colleges and universities are awarded to individuals at eligible institutions who are pursuing advanced research in the humanities that contributes to scholarly knowledge or to the general public's understanding of the humanities. In FY 2007, \$40,000 Faculty Research Awards supported the work of three scholars at HBCUs and three at HSIs.

Minority-serving institutions of higher education and their faculties are also eligible applicants in NEH's other programs that support teaching and research in the humanities. In FY 2007, in addition to funding awarded through the Endowment's two special outreach programs, HBCU's received four grants totaling \$354,667, HSIs received three grants totaling \$175,796, and TCUs received two grants totaling \$6,000 through the Endowment's other programs.

Ms. EMERSON. I appreciate that.

Mr. Chairman, I have other questions but if you want to go and——

#### REDUCTION OF PRESERVATION AND ACCESS AND CHALLENGE GRANTS BUDGETS

Mr. DICKS. Yes, let me just ask a couple quick ones here. We notice that there is a cut in preservation and access of \$4.5 million and a plus-up of We the People by \$4.9 million. What happens to preservation and access with a cut of that seriousness?

Mr. COLE. Well, there are two cuts, in the Preservation and Access division, and in Challenge Grants program. The Preservation and Access budget was about \$18 million. It was quite a bit larger than any of the other division budgets, and that was historic. That money was there because it had funded two programs that are no longer active, the Brittle Books program, which has declined from 8 grants and \$4.5 million awarded in 2000 to no grants awarded in 2007 because that work is finished. The other large-scale project was the United States Newspaper microfilming program. That program has wound down now too. Now we are digitizing newspapers through the We the People program. So historically there was some money parked in that division that I thought could be used elsewhere. This division and the Challenge Grants program are important but challenge grants are very front-loaded and we have to spend a lot of money to get really very little return on the investment. A \$1 million endowment-building grant, for example, only gives you about \$50,000 in return, and I think some of that money could be better spent on more active programs, \$50,000 for fellowships or \$50,000 for a Digital Start-Up Grant. And, you know, I think this is just a matter of priorities and leadership and responding to the realities of what is going on now.

Mr. DICKS. Mrs. Emerson.

Ms. EMERSON. Just a quick question, and this is a Mr. Tiahrt question so I am going to ask it so that he knows.

Mr. DICKS. Yes, go ahead.

#### RENT INCREASE

Ms. EMERSON. It is a question about your administrative budget for 2009. Apparently the GSA rent expenses are projected to increase by \$689,000, or roughly 35 percent, and can you tell us why? That is awfully dramatic.

Mr. COLE. It is a dramatic increase, and our administrative budget, I think like a lot of other federal agencies, is in a kind of fix because we have all these fixed costs that are rising. It is not only increase in rent, but also an increase in building security costs. We also bring in lots of panelists from all over the United States to review grant applications, which costs us airfare and hotels and the like.



Ms. EMERSON. That part is included?

Mr. COLE. Right, and for our rent, one of the things that happened is that GSA initially underestimated the amount of our 2008 rent and then has gone and corrected it, so I think that is what you are talking about.

Mr. DICKS. Great hearing. I am sorry about the interruption. Thank you, Jessie. Thank you, Steven. Thank you, Bruce.

Questions for the Record  
 Questions from Chairman Norm Dicks  
 National Endowment for the Humanities  
 Hearing Date: March 11, 2008

**Dicks Question 1.** The most difficult part of the NEH budget proposal is the reduction of \$4.5 million for the preservation and access program to fund the \$4.2 million increase for We the People. Before talking about We the People, could you explain the range of activities funded under preservation and access?

**Answer:** In FY 2009, the NEH Division of Preservation and Access will continue to support a wide range of activities to preserve and increase the availability of cultural and intellectual resources essential to the American people. With the funds requested, the agency will continue to support projects to preserve and reformat the contents of books, newspapers, and serials; preserve and widen access to other endangered or inaccessible humanities resources, such as archival collections; create humanities reference works and research tools; support regional preservation and consultation services and programs to educate and train preservation administrators and conservators; and provide special preservation assistance to small and mid-sized historical and cultural institutions.

**Dicks Question 2.** Is the preservation funding being reduced because of management or effectiveness problems, or is it just an issue of not enough money in the total request?

**Answer:** The Endowment is not static. We help to provide national leadership in the humanities by adjusting our mix of grant programs periodically to reflect current realities, needs, and opportunities in the humanities. As part of this process, long-standing programs sometimes are revised or discontinued and new programs and special initiatives are created.

The proposed budget reduction for the Preservation and Access division reflects recent changes in the field and a shift in the Endowment's priorities. With the advent of digital technology and the Internet, grant applications for projects to microfilm brittle books, newspapers, and other humanities materials have declined steadily and the Endowment has reduced its support for such projects. In addition, one of NEH's long-standing microfilming programs—the United States Newspaper Program (USNP)—was recently successfully completed. And finally, we have decided to discontinue our Stabilizing Humanities Collections grant category, which provided grants to help humanities institutions and organizations preserve their humanities collections through support for improved housing and storage, environmental conditions, security, lighting, and fire protection.

**Dicks Question 3.** How much money has been invested in the Picturing America project so far, and what do you expect to be the total cost in FY 2008 and FY 2009?

**Answer:** The cost of planning Picturing America and launching the pilot phase of the initiative was approximately \$1 million. This includes initial planning expenses, funds awarded to the American Library Association to manage the online application and award process, purchasing permissions from copyright holders to use the images of the works included in the project, and the cost of printing and mailing Picturing America materials to the recipient schools.

We do not yet have a firm cost figure for the implementation phases of the initiative in FY 2008 and FY 2009. We will be soliciting bids from printers in May 2008, and so we will not know until several weeks later what the per-item cost will be. But in any case, we are confident that the cost to produce each set of materials will be quite modest in comparison to the return on that investment. As Chairman Cole mentioned in his testimony at the committee's hearing on March 11, from the experience we gained in the pilot phase, we estimate that the per-unit cost may be in the neighborhood of about \$114—\$100 to print each unit, plus \$14 for delivery costs.

Because the first application deadline for implementation projects is not until April 15, 2008, we do not yet know how many applications we will receive. A generous estimate of the total number of applications we can expect in this first round is 35,000—which is about one-fourth the universe of potential applicants. If this many schools and libraries apply, then the total costs of fulfillment will be approximately \$4 million. We would expect that the second round of implementation awards in FY 2009 would cost an additional \$4 million.

The Institute of Museum and Library Services has provided \$1 million to the Endowment to help defray the costs of providing Picturing America materials to the nation's 17,000 public libraries.

**Dicks Question 4.** How will you evaluate the program once it is placed in local communities and schools? Specifically, how will we determine whether the materials are used as proposed?

**Answer:** As part of the Picturing America grant application process, schools are required to encourage the use of the reproductions by teachers in the classroom. In the FY 2008 grant competition, schools and public libraries are required to keep as many of the reproductions as possible on continual exhibit in classrooms or public locations in the school or library during the September 2008–May 2009 grant term and to retain the reproductions for future display and educational use. Schools and libraries must add the reproductions and teachers resource book to their permanent library or audio/visual collections. Award recipients are required to submit a final performance report to the American Library Association, which is managing the grant competition for Picturing America. The ALA will then share the reports with the Endowment.

Since this is a short-term initiative that will be concluded in FY 2009, we have no immediate plans to evaluate the program. We would say, however, that we have been extremely pleased with the overwhelmingly positive feedback from many of the schools

that received materials in the pilot phase of the initiative. The initiative appears to be addressing an important need for schools and teachers to have access to substantive visual materials that can be used to spark vibrant and sustained discussions of the nation's history and culture in their classrooms.

**Dicks Question 5.** More generally, when NEH puts together a major initiative such as the Digital Newspaper, which you demonstrated last year, or Picturing America, is a formal evaluation plan a part of the program from the beginning?

**Answer:** A formal evaluation plan, per se, has not been a part of our initiatives. However, from time to time, we do conduct surveys to assess the impact of projects receiving NEH support and to gauge the effectiveness of our programming. In 2007, for example, we canvassed K-12 school teachers who participated in workshops supported through our new Landmarks of American History and Culture program, one of the Endowment's signature *We the People* grant programs. The results of this survey indicated that the workshop experience helped teachers enhance their knowledge of important themes and issues in American history and culture and to introduce new, substantive materials to their students.

**Dicks Question 6.** Last week, the Endowment submitted the report requested by the Committee on NEH's international programs. Please insert that report in the record at this point. Can you review for us briefly the results of that review?

**Answer:** The review of NEH grant activity showed that, since the earliest days of the agency, support for projects designed to expand American understanding of foreign cultures has made a significant contribution to the humanities in the United States and the world. NEH projects on other cultures have contributed to the preparation of teachers at all levels, resulted in scholarly works and reference materials on a vast array of topics, and brought the world to America's communities through museum, media, and other public programs.

In FY 2007, for example, grants for projects on the history and culture of other countries totaled \$27.9 million or 23 percent of NEH's total program dollars. Support for projects on American history and culture accounted for 40 percent of funds awarded, with the remaining program funds awarded to projects with no specific geographical focus, such as preservation education and training, or allocated to mandatory support for the state humanities councils. This level of funding for projects on other cultures has remained relatively stable in recent years.

The Endowment has also embarked upon a number of international collaborations to encourage global engagement in the humanities, in keeping with the charge in NEH's statutory legislation to "foster international programs and exchanges." These partnerships include cooperation with the Consiglio Nazionale di Ricerche (National Research Council) of Italy and the United Kingdom's Joint Information Systems Committee. NEH has also been meeting with representatives of the governments of China, Japan, and

Mexico and with the German Research Foundation (Deutsche Forschungsgemeinschaft) about other collaborative efforts. Sharing costs with foreign partners enables NEH to offer additional opportunities to American scholars and educators.

The Endowment is also an active participant in the State Department's Global Cultural Initiative. With support from the State Department, in the summer of 2007 teachers from Afghanistan, Algeria, Egypt, Jordan, Kazakhstan, Morocco, Nigeria, Pakistan, Saudi Arabia, South Africa, and Turkey attended NEH Landmarks of American History and Culture workshops around the country.

NEH has supported a wide variety of projects focusing on virtually every country in the world. Examples of these projects include:

- Online resources for teaching and learning such as "India and China in Comparative and Global Perspective"; "South Africa: Overcoming Apartheid, Building Democracy"; "Using International Comparisons of Political Systems to Help Students Understand Democracy"; "An Advanced Level Course in Swahili Language and Culture"; and a website for teaching about 1989 and the fall of communism in Eastern Europe.
- Traveling exhibitions and related public programs on the traditional and contemporary art of the Urhobo people of the Niger River Delta; the history and culture of the Yoruba city state of Ife in Nigeria; the changing social meaning and dynamics of the carnival festival, based on case studies from nine communities in Europe and the Americas; and "The Lost Treasures of Afghanistan."
- The *Encyclopaedia Iranica*, a massive reference work covering all aspects of the history and culture of the Iranian-speaking peoples, both ancient and modern, as well as their interaction with neighboring peoples.
- Preparation of a lexical database, an etymological dictionary, and a collaborative website for research on the Mon Khmer languages, which include the national languages of Vietnam and Cambodia as well of communities in India, China, Burma, Malaysia, Laos, and Thailand.
- "The Cold War and Human Security: Translations for the Parallel History Project on NATO and the Warsaw Pact," a translation of 4,716 pages of Warsaw Pact documents from Polish, German, Russian, Hungarian, Czech, Bulgarian, and Romanian into English.
- A scholarly conference on "Tolerance among the World's Religions," examining the extent to which there are intellectual resources within each of the world's major religions supporting tolerance for adherents of other religions.

- “Documenting Endangered Languages” projects focusing on such languages as the western Beoid languages of Cameroon; western Pantar, an endangered language of Pantar Island, Indonesia; and Wichí, an indigenous language of South America spoken in Argentina and Bolivia.

Comments and suggestions from leaders of interested organizations from whom NEH sought advice about its efforts to expand understanding of the history and culture of other countries emphasized the importance of NEH’s support for projects for scholars, teachers, and the public and the need to enhance such support. It was also recommended that NEH raise the visibility of its grant competitions that support international education and scholarship, to make its support for such projects more widely known, to help teachers strengthen their foreign language skills, and to foster more global scholarship and international scholarly exchange.

Attached is the report, “NEH Support for Humanities Projects on the History and Culture of Other Nations,” which the Endowment submitted to the House Appropriations Committee on Interior, Environment, and Related Agencies.

## NATIONAL ENDOWMENT FOR THE HUMANITIES

### **NEH Support for Humanities Projects on the History and Culture of Other Nations** **A Report to Congress** (March 2008)

#### Introduction

In a June 2007 report accompanying its FY 2008 appropriations bill, the House Appropriations Committee on Interior, Environment and Related Agencies requested that the National Endowment for the Humanities (NEH) submit a report "on its existing global outreach efforts and any plans to expand the program. . . ." House Report 110-187 specifically states:

The Committee believes that the Endowment can play an expanded role in helping Americans develop a broader understanding of other cultures and encourages a broadening of its global society programs. This can be critical in making Americans more knowledgeable and sensitive to other cultures. The Committee requests that the Endowment submit a report to the Committee . . . on its existing outreach efforts and any plan to expand this program in 2008.

This report is NEH's response to the Committee's request. In developing this paper, NEH solicited the thoughts and suggestions of a number of humanities groups and organizations, including the National Humanities Alliance, the Association of American Universities, the American Council of Learned Societies, the World History Association, and the American Council on the Teaching of Foreign Languages. Respondents to our solicitation commended the Endowment's work in this area and made a number of useful suggestions for adding to our record of achievement.

We welcome this opportunity to report on the many ways NEH provides significant support each year for projects on the history and culture of other nations. The Endowment has a long and distinguished record of encouraging and supporting such projects. About one-quarter of the agency's program funds annually are awarded to projects that help Americans understand the history of other cultures. This report also describes our current programs and initiatives in this area of our work and our plans for the future.

#### Overview: The Global Context of the NEH Mission

From 1966, when the National Endowment for the Humanities made its first two awards, to the present, support for projects designed to expand American understanding of foreign cultures has made a significant contribution to the humanities in the United States and the world. Although rarely a specific focus of the Endowment's funding, NEH projects on other cultures have contributed to the preparation of teachers at all levels, resulted in scholarly works and reference materials on a vast array of topics, and brought the world to America's communities through museum, media, and other public programs. This has been accomplished not through a separate division or office devoted to international programs but rather through the Endowment's grant-making programs and its review process, in which the first criterion of judgment is the significance of the project to the humanities.

In the agency's enabling legislation, Congress acknowledges the importance and interrelationship of education, public programs, and research in the humanities for "[achieving] a better understanding of the past, a better analysis of the present, and a better view of the future." The legislation also gives the agency the authority "to foster international programs and exchanges." The legislation further states: "The world leadership which has come to the United States cannot rest solely upon superior power, wealth, and technology, but must be solidly founded upon worldwide respect and admiration for the Nation's high qualities as a leader in the realm of ideas and of the spirit." To fulfill its mission, the agency developed programs to "support research and strengthen the research potential of the United States in the humanities. . . ; foster the interchange of information in the humanities . . . [and] public understanding of the humanities; [and] support the publication of scholarly works." The 1985 report of the House Committee on Education and Labor on the Reauthorization of NEH makes explicit the importance of attention to the history and culture of other nations of the world: "The humanities know no national boundaries, and to develop and understand our culture in today's world, the Endowment for the Humanities should be involved in international cultural activities."

The practical use of studies in the humanities, as in the sciences, is not always immediately apparent, but their relevance to understanding the world and our place in it is clear. Humanities projects cannot be evaluated by utilitarian criteria alone, but neither should the contribution of the humanities to understanding contemporary issues be overlooked. Recently, for example, the NEH-supported *Encyclopedia Iranica* and the *Encyclopaedia of Islam* have drawn increased attention beyond academic and scholarly circles. The *Encyclopaedia Iranica* is a massive reference work covering all aspects of the history and culture of the Iranian-speaking peoples, both ancient and modern, as well as their interaction with neighboring peoples. Iranian languages are spoken in Iran, Afghanistan, Tajikistan, Kurdistan, Baluchistan, Pathan areas of Pakistan, some regions of Uzbekistan, and parts of the Caucasus (Ossetia and parts of Azerbaijan). There are several entries on Afghanistan and Central Asia, including entries on geography, towns, and Afghan tribes. The *Encyclopaedia Iranica* is an international undertaking and draws on the most authoritative scholarship world-wide to ensure the quality and reliability of its articles. To date over 870 scholars worldwide have contributed articles in a variety of languages, from English and Russian to Persian, Turkish, and Chinese. These articles are now being translated into English, and the project has begun to provide free online access (<http://www.iranica.com/newsite/>). As a result, the *Encyclopaedia* will find wider use among students, teachers, and scholars. NEH has made a number of grants in support of this effort over nearly three decades.

NEH has also supported the revision, expansion, and updating of the *Encyclopedia of Islam*, which was first published in 1908. The new edition, which the Endowment supported between 1979 and 1997, is composed of articles written by an international team of the foremost scholars in their fields. Because of the original research undertaken by the contributors to the encyclopedia, it has come to define its field and is used both as a bibliographic tool and a standard reference.

#### Summary of NEH Support for Projects on Other Cultures

The National Endowment for the Humanities supports projects on the history and culture of other countries through a variety of its funding categories. NEH support for education, public programs, preservation, and research has helped to sustain the nation's capacity to develop and disseminate knowledge about our own nation and the world beyond its borders. NEH summer seminars and institutes for college, university, and precollegiate teachers provide opportunities



for teachers to expand their reading and research and so enrich their teaching of foreign cultures, and NEH-supported teaching and learning resources, such as websites, strengthen teaching and learning of the humanities at all levels, from elementary through graduate training. Fellowships and stipends for individual scholars assist them in pursuing research on foreign cultures conducted either here or abroad. NEH grants for collaborative research projects enable Americans to work with international teams of scholars on complex issues in the study of the humanities. NEH's Preservation and Access Division supports projects to preserve and increase the availability of resources important for research, education, and public programming in the humanities and develop important research tools, such as encyclopedias and dictionaries, to aid in research. As a result of strengthened research on foreign cultures, projects designed to inform the public about other countries are similarly enriched; such projects as documentary films and televised series, interpretive exhibitions in museums, and programs in libraries and other cultural and community institutions are supported through the NEH Division of Public Programs.

In FY 2007, for example, grants for projects on the history and culture of other countries totaled \$27.9 million or 23 percent of NEH's total program dollars (see attached table). Support for projects on American history and culture accounted for 40 percent with the remainder of funds allocated to mandatory support for the state humanities councils and to projects with no specific geographical focus, such as preservation education and training. This level of funding for projects on other cultures has remained relatively stable for the past five years.

#### Education Programs

The first place American students encounter the world beyond the borders of the United States is usually the classroom, with teachers as their guides. Strengthening sustained thoughtful study of the humanities, including the study of other cultures, has been the objective of the Endowment's support for a wide variety of projects designed to improve humanities instruction at all levels of education. The Endowment began supporting faculty development efforts in its early years and has continued with support of summer seminars and institutes and a variety of workshop opportunities, many of which focus on the history and culture of other countries. In the summer of 2008, for example, school teachers will be able to apply to participate in projects such as "The Arabic Novel in Translation"; "Literatures, Religions, and Arts of the Himalayan Region"; "Multiple Perspectives on the Holocaust"; and "Mozart's Worlds." Topics of seminars and institutes for college and university teachers for 2008 include "Confucianism and Contemporary Virtue Ethics," "The Literature of Equatorial Guinea: A Pedagogical Perspective," and "Holy Land and Holy City in Classical Judaism, Christianity, and Islam."

NEH has supported a wide variety of projects that enhance the teaching and learning of foreign languages and the study of other cultures, such as Web-based teaching and learning tools. Among those now available online are "Utamaduni Online: An Advanced Level Course in Swahili Language and Culture" (<http://african.lss.wisc.edu/utamaduni/>); "Women, World History, and the Web: Teaching and Learning Through Online Primary Sources" (<http://chnm.gmu.edu/whh/index.html>); "India and China in Comparative and Global Perspective" (<http://www.intranet.csupomona.edu/~inch/>); and "South Africa: Overcoming Apartheid, Building Democracy" (<http://overcomingapartheid.msu.edu/>). Recent grants are supporting, among others, "Russian Modernism and Its International Dimensions: Experimental On-Line College Courseware"; a website on "Using International Comparisons of Political Systems to Help Students Understand Democracy"; "Facing 'East,' Facing 'West': Japan, the United States, and the World," an archive of images providing a visual record of interactions

between Japan and the outside world between 1850 and 1900; and the development of a website for teaching about 1989 and the fall of communism in Eastern Europe.

#### Public Programs

The Endowment also has a long history of support for public programs on other cultures. It has contributed to public understanding of different countries and cultures around the world through support for documentary films and radio programs, interpretive exhibitions in museums, and public programs in libraries and other cultural institutions. With support from the NEH, Afropop Worldwide has collaborated with leading humanities scholars and authors to add depth and authority to its programs on the music cultures of Africa and the African Diaspora throughout the Americas, the Caribbean, and the Middle East. Within the next year two new NEH-supported television documentaries will air. "In the Name of God and King: The Spanish Empire" will explore the encounter and interaction of the Old and the New World. "Paris: the Luminous Years" will focus on the significance of Paris as a center of artistic innovation in the early twentieth century. "Asian Games: The Art of Contest," a traveling exhibition with interactive games spaces, a catalog, a website, and public programs, will travel to multiple sites around the United States over three years; it examines the roles of games from various traditional Asian cultures as transmitters of social values. Recent NEH grants are also supporting traveling exhibitions and related public programs on the traditional and contemporary art of the Urhobo people of the Niger River Delta; the history and culture of the Yoruba city state of Ife in Nigeria; a traveling exhibition on the changing social meaning and dynamics of the carnival festival, based on case studies from nine communities in Europe and the Americas; and "Gifts from the Ancestors: Ancient Ivories of the Bering Strait."

#### Research Programs

The painstaking work of scholars rarely garners media attention, but it provides the foundation for educational and public programs and advances our understanding of the complex world in which we live. The Endowment has always sought to encourage the very best in scholarship whether focused on topics relevant to American history and culture or to that of other countries. The Fellowships and Summer Stipends programs from their inception have supported projects of an astonishing range and depth although they did not have a specific directive to promote research on international topics. The subject matter spans the globe; virtually every country in the world, past and present, has been a focus of NEH-funded research. Fellowships awarded in 2007 alone, for example, are supporting scholars' work on projects on the history and culture of Argentina, Brazil, China, Costa Rica, Dominica, Egypt, England, France, Germany, Greece, Guinea, India, Indonesia, Ireland, Italy, Kenya, Japan, Mexico, New Guinea, Peru, Portugal, Russia, Scotland, Spain, and Syria, as well as broader studies devoted to Central America, Europe, and Southeast Asia. Many NEH fellows have gone on to received prestigious awards for their work; one of these is William Taubman, who won the 2004 Pulitzer Prize in Biography for *Khrushchev: The Man and His Era*.

Large-scale research projects that address broad and complex topics benefit from combining the experience, perspectives, and efforts of a number of scholars, and over the years collaboration in the humanities has become more common. NEH has encouraged international collaboration in research since its first decade. Many significant projects of wide impact have resulted. For example, historian of science Loren R. Graham of the Massachusetts Institute of Technology had received previous NEH support for his widely recognized scholarly work on Soviet academic and scientific structures. This placed him in a good position to head a project on

the crisis that struck Russian science when the dissolution of the Soviet Union removed state funding for scholarly endeavors. The NEH-supported project coincided in time with especially acute debates in Russia, not only on the role of government in the scholarly community, but also on the management of available funds. Working with faculty from Russian institutions, Graham wrote a well-received book entitled *What Have We Learned about Science and Technology from the Russian Experience?*

NEH recently awarded a grant of \$100,000 to the University of Michigan for support of a translation of *The Golden Chronicle, the Story of a Cosmopolitan's Pilgrimage*, by the Tibetan monk, philosopher, and artist, Gendün Chopel (1905-1951). The chronicle is considered the most significant work of Tibetan scholarship of the 20th century. Other projects approved in 2007 include "The Cold War and Human Security: Translations for the Parallel History Project on NATO and the Warsaw Pact," a translation of 4,716 pages of Warsaw Pact documents from Polish, German, Russian, Hungarian, Czech, Bulgarian, and Romanian into English; "History/Geography: Railways, Uneven Development, Cultural Change, and Globalization in France and Great Britain, 1830-1914," conference papers, scholarly articles, digital publications, and a book on the 19<sup>th</sup>-century transportation revolution in Britain and France; and a conference on "Tolerance Among the World's Religions," examining the extent to which there are intellectual resources within each of the world's major religions supporting tolerance for adherents of other religions.

In the early 1970s NEH began support for U.S. international research organizations and independent centers for advanced study, including American overseas research centers. The international research organizations and overseas centers facilitate access for American scholars to local resources and contacts with foreign scholars in parts of the world that sometimes present difficult political and cultural conditions for scholarly work. In some cases, the centers also provide on-site resources for research. NEH has never been the major supporter nor the largest single supporter of any these institutions; its support has largely been aimed at assisting in the expansion of opportunities for humanities scholars. Through its funding category, Fellowship Programs at Independent Research Institutions, NEH presently supports fellowships offered by eight overseas research centers and three U.S. international research organizations.

#### Preservation and Access

Another way in which the Endowment has made a major contribution to scholarship here and around the world is through its support for preservation and access projects to ensure the long-term and wide availability of primary resources important for research, education, and public programming and also support for aids to research, such as bibliographies, catalogues, dictionaries, and encyclopedias. Current projects that have received NEH support include the South Asian Union Catalogue, describing 19th and 20th century books and periodicals published in eastern South Asia (eastern India, Bangladesh, Bhutan, and colonial Burma) and listing the locations where these materials are held throughout the world; preparation of a lexical database, an etymological dictionary, and a collaborative website for research on the Mon Khmer languages, which include the national languages of Vietnam and Cambodia as well of communities in India, China, Burma, Malaysia, Laos, and Thailand; the creation of an authoritative common base geographic information system for Chinese history from 221 BCE to 1911 CE, in collaboration with Fudan University of Shanghai; the digital imaging of 25,021 ethnographic artifacts and associated data from Mexico and South America documenting over 200 ethnic groups from Amazonian, Andean Highlands, Gran Chaco, Mexican, and Tierra del Fuego culture areas; and the preparation of the first dictionary of Gandhari, one of the major

languages of early Buddhism spoken in the region of Gandhara (modern northern Pakistan and eastern Afghanistan) between the 300 B.C. and A.D. 300.

#### Challenge Grants

NEH support through the Office of Challenge Grants helps institutions develop and sustain research, education, and public programs on the history and culture of other countries. Swarthmore College recently received a \$600,000 challenge grant (to match \$2,400,000 in nonfederal funds) for teaching positions in Modern Standard Arabic. The college currently has substantial enrollments in Islamic and Middle Eastern Studies, and it seeks to address a national need by offering instruction in first- and second-year Arabic in a tri-college consortium with Haverford College and Bryn Mawr College. The consortium seeks to integrate language and cultural study and to encourage participation by its students in overseas residential programs. Challenge grants to American Overseas Research Centers, such as the W. F. Albright Institute of Archaeological Research in Jerusalem and the American Research Institute in Turkey, will help these institutions with renovations and operating expenses, thereby enabling to sustain their services to American scholars and serve as centers for international scholarly dialogue.

#### Recent Initiatives and Programs

Recently NEH has implemented new programs and initiatives that have resulted in the support of projects on other cultures. Through programs under the new Digital Humanities Initiative, NEH made thirty-three grants in FY 2007, thirteen of which are supporting projects that focus on the history and culture of other nations. For example, one Digital Humanities Start-up Grant is supporting using Character Description Language software in the mapping of Chinese, Japanese, Korean, and Vietnamese scripts and the augmentation of a standard database of characters open to members of international standards bodies and to the public. Among other such projects are a study of the impact of podcasting technology in the teaching of foreign language courses; the creation of robust Web-based multimedia resource combining folk legends on saints and biblical figures, songs and religious rituals, and iconography of Russian Orthodoxy; and the creation of an interactive Geographical Information System database of early maps of the African coastline, 1434-1504.

To encourage attention to less commonly studied areas of the world, the Endowment has from time to time instituted special initiatives. At present "Rediscovering Afghanistan" is promoting research, education, and public programs about Afghanistan and encouraging U.S. institutions to assist that country in its effort to preserve and document its cultural resources. This is similar in focus and intent to the recently concluded initiative, "Recovering Iraq's Past." Among the projects that NEH has funded on Afghanistan are a Digital Humanities Fellowship on "Recent History of the Pashtun Tribes in Afghanistan and Pakistan: An Annotated Multimedia Narrative and Guide"; "Preserving and Creating Access to Unique Afghan Records, 1989 to 2006"; and a traveling exhibition of "The Lost Treasures of Afghanistan" along with a catalog, a website, and public and educational programs exploring the arts and cultural heritage of ancient Afghanistan.

NEH is also collaborating with the National Science Foundation on a grant program entitled "Documenting Endangered Languages," a multi-year effort to preserve records of key languages from all over the globe before they become extinct. These lesser known languages are not only valuable because they help reveal the nature of language itself, but also because they embody unique local knowledge of the cultures and natural systems of the regions in which they

are spoken. NEH recently awarded a challenge grant to the Linguistic Society of America to ensure the teaching of research skills for the documentation of endangered languages through an endowed professorship and a course in such skills to be taught at each biennial Linguistic Institute. Other grants are supporting projects focusing on such languages as the western Beoid languages of Cameroon; western Pantar, an endangered language of Pantar Island, Indonesia; and Wichí, an indigenous language of South America spoken in Argentina and Bolivia.

In recent years the Endowment has embarked upon a number of international collaborations to encourage global engagement in the humanities, in keeping with the Chairman's statutory charge to "foster international programs and exchanges." In 2007, NEH and the Consiglio Nazionale di Ricerche (National Research Council) of Italy signed a memorandum of understanding in which they have agreed to cooperate in the promotion of scholarly research in the humanities and the sponsorship of two conferences. NEH is also collaborating with the United Kingdom's Joint Information Systems Committee in support of a program for joint digitization projects in the humanities with the requirement that a U.S. institution collaborate with a British institution. This program attracted a number of impressive applications; awards will soon be announced. Significantly, several applicants informed NEH staff that, despite the recognition that such collaboration was needed, nothing had yet happened and that the NEH request for proposals provided the incentive to make the contacts and pursue collaborative efforts. Sharing the costs of collaboration with foreign partners enables NEH to offer additional opportunities to American scholars and educators.

NEH has also been meeting with representatives of the governments of China, Japan, and Mexico and with the German Research Foundation (Deutsche Forschungsgemeinschaft) about other collaborative efforts. NEH Chairman Bruce Cole, together with senior leaders of other federal cultural agencies, traveled to the People's Republic of China—at the host country's invitation—as part of the first such U.S. cultural delegation. NEH also recently participated in three bi-national meetings intended to strengthen cultural exchange with Mexico. The meetings have resulted in collaborative program efforts between state humanities councils on each side of the U.S.-Mexico border.

The Endowment is also an active participant in the State Department's Global Cultural Initiative. With support from the State Department, in the summer of 2007 teachers from Afghanistan, Algeria, Egypt, Jordan, Kazakhstan, Morocco, Nigeria, Pakistan, Saudi Arabia, South Africa, and Turkey attended NEH Landmarks of American History and Culture workshops around the country. Alongside teachers drawn from throughout the United States, these international participants had the opportunity to explore the events and places that shaped American history and to share their experiences and perspectives with American teachers. This new partnership, which will continue in 2008 and 2009, will further promote understanding of the United States and its democratic principles.

#### Action Plans

The Endowment's contributions to an understanding of other nations and of America's place in the world have been steady and substantial over the agency's more than forty years. As also demonstrated in this report, NEH currently has a number of special emphases in place that are adding to this record.

As noted previously, we have solicited comments and suggestions from interested organizations about NEH's efforts to expand understanding of the history and culture of other

countries. Responses emphasized the importance of NEH's support for projects for scholars, teachers, and the public and the need to enhance such support. For example, Dr. Pauline Yu, President of the American Council of Learned Societies, wrote:

Developing the knowledge and capacities for effective research on other civilizations is costly and time-consuming. . . . New York University Professor of Spanish and Portuguese, Mary Louise Pratt, observed that "It's no accident that a discussion of international education occasioned this reflection. Deep knowledge of particular parts of the world cannot be produced overnight. It has to be built up over years, supported through real relationships with people and institutions abroad, passed along, invested in, and valued independent of the contingencies, fears, and passions of a moment." If our nation is to have these capacities and the knowledge they produce, investment in them must be steady, visible, and maintained over the long term.

NEH was also advised to raise the visibility of its grant competitions that support international education and scholarship, to make its support for such projects more widely known, to help teachers strengthen their foreign language skills, and to foster more global scholarship and international scholarly exchange.

We offer the following overview of our plans and priorities for enhancing our efforts in this area of the agency's mission.

- We are exploring the possibility of adding a special section to our website that highlights our international programs and activities and provides a sampler of the grants NEH supports that help Americans develop a broader understanding of other cultures. The fact that NEH supports such projects is not widely known, either in the U.S. or abroad. Our website currently contains much of this information, but it is not centrally organized or given the prominence that it deserves.
- NEH will continue to explore opportunities to forge international collaborations to encourage global engagement in the humanities. Our recent collaboration with the National Research Council of Italy, for example, brought together leading American and Italian scholars in a conference to discuss the use of digital technologies to explore cultural heritage. We also developed a cooperative program with the United Kingdom's Joint Information Systems Committee to support joint digitization projects in the humanities. We expect to announce two new collaborations—with Germany and China—within the next few months.
- The Endowment plans to convene a conference of humanities scholars, teachers, and other practitioners from diverse disciplines to discuss the agency's support for projects on the history and culture of other nations. This conference or forum will be an informal opportunity for scholars and other professionals in the field to offer their advice and assistance to the agency.
- In FY 2009, our Summer Seminars and Institutes grant categories will issue a special invitation to submit proposals designed to help teachers improve their foreign language proficiency. We will set aside the funds necessary to support exemplary proposals that are submitted in response to this invitation. While NEH annually supports a number of summer seminars and institutes that provide teachers of foreign languages, history, and

literatures with opportunities to expand their understanding of other nations, these projects are not focused specifically on strengthening participants' language skills.

- We also will continue to explore partnerships with other entities, including other U.S. government agencies such as the National Science Foundation (NSF) and the Library of Congress, to share information and to develop joint funding for projects that will have wide impact, both here and abroad. The NEH-NSF collaboration on the "Documenting Endangered Languages" initiative is one example. NEH will maintain its support for this program in 2009.

In FY 2009 and in the years ahead, NEH also will continue its grant programs that have a strong record of funding exemplary projects that expand Americans' understanding of the history and culture of other countries. These time-tested programs include:

- professional development for teachers at all levels through workshops, seminars, and institutes;
- the development of teaching and learning resources, particularly online resources;
- collaborative research and fellowships, including fellowships offered through American overseas research centers and institutions that support international research;
- projects that preserve and increase the availability of resources important for research, education, and public programming on other cultures; and
- projects that reach broad public audiences through documentary films and radio programs and programs in museums, libraries, historical organizations, and other cultural and community organizations.

Attachment

**NEH Support for Projects on the History and Culture of the United States and of Other Countries,  
2007**

	U.S. HISTORY AND CULTURE		OTHER NATIONS		OTHER *	
	<u>Projects</u>	<u>Obligated</u>	<u>Projects</u>	<u>Obligated</u>	<u>Projects</u>	<u>Obligated</u>
Challenge Grants	26	\$4,286,127	12	\$1,517,000	29	\$4,470,578
Education Programs	79	\$10,363,273	47	\$5,681,089	6	\$492,562
Federal/State Partnership	88	\$5,538,825		--	66	\$33,250,563
Miscellaneous Humanities Projects including the Digital Humanities Initiative	10	\$652,940	10	\$298,792	17	\$449,025
Preservation and Access	142	\$11,844,678	40	\$7,438,552	23	\$4,420,773
Public Programs	109	\$10,080,608	20	\$3,444,493	2	\$276,212
Research Programs	<u>100</u>	<u>\$5,456,660</u>	<u>234</u>	<u>\$9,488,863</u>	<u>13</u>	<u>\$820,246</u>
	554	\$48,223,110	363	\$27,868,789	156	\$44,179,959

NEH TOTAL

"Other" includes mandatory support for the State Humanities Councils and support for projects that do not have a specific geographical focus; these would include such projects as preservation education and training grants and challenge for construction or endowment for basic humanities needs.



**Dicks Question 7.** The report concludes with discussion of future efforts to further expand Global outreach at NEH. How will you follow up on this report?

**Answer:** We offer the following overview of our plans and priorities for enhancing our efforts in this area of the agency's mission.

- We are exploring the possibility of adding a special section to our website that highlights our international programs and activities and provides a sampler of the grants NEH supports that help Americans develop a broader understanding of other cultures. The fact that NEH supports such projects is not widely known, either in the U.S. or abroad. Our Web site currently contains much of this information, but it is not centrally organized or given the prominence that it deserves.
- NEH will continue to explore opportunities to forge international collaborations to encourage global engagement in the humanities. For example, we expect to announce a new collaborative agreement with the German Research Foundation (Deutsche Forschungsgemeinschaft) within the next few months.
- The Endowment plans to convene a conference of humanities scholars, teachers, and other practitioners from diverse disciplines to discuss the agency's support for projects on the history and culture of other nations. This conference or forum will be an informal opportunity for scholars and other professionals in the field to offer their advice and assistance to the agency.
- In FY 2009, our Summer Seminars and Institutes grant categories will issue a special invitation to submit proposals designed to help teachers improve their foreign language proficiency. We will set aside the funds necessary to support exemplary proposals that are submitted in response to this invitation. While NEH annually supports a number of summer seminars and institutes that provide teachers of foreign languages, history, and literatures with opportunities to expand their understanding of other nations, these projects are not focused specifically on strengthening participants' language skills.
- We also will continue to explore partnerships with other entities, including other U.S. government agencies such as the National Science Foundation (NSF) and the Library of Congress, to share information and to develop joint funding for projects that will have wide impact, both here and abroad. The NEH-NSF collaboration on the "Documenting Endangered Languages" initiative is one example. NEH will maintain its support for this program in 2009.

In FY 2009 and in the years ahead, NEH also will continue the grant programs that have a strong record of funding exemplary projects that expand Americans' understanding of the history and culture of other countries.

**Dicks Question 8.** Bruce, what is your evaluation of the situation with respect to training of the next generation of humanities faculty in this country given the pending retirement of the baby boom generation from colleges and universities?

**Answer:** We understand that graduate education in the humanities is thriving in the United States and that there is no shortage of highly qualified faculty in the nation's institutions of higher learning. The market for academic employment continues to respond flexibly as demand and supply conditions change. For example, the latest edition of the Survey of Earned Doctorates, an annual survey of the number and characteristics of individuals receiving research doctoral degrees from accredited U.S. institutions, reports that in the past twenty years (1986-2006) the national total of doctorates annually conferred in the humanities has increased by 61 percent (from 3,460 to 5,576). Many, if not most, of these new Ph.D.s become college and university faculty members.

The Endowment helps to provide for the training and professional development of the humanities professoriate through the grants it makes in its summer seminars, institutes, and workshops programs. These programs provide opportunities for newly minted faculty, as well as experienced educators, to pursue serious, substantive intellectual inquiry in all fields of the humanities. In this way, NEH helps to ensure that the nation's humanities faculty has a deep knowledge of the subjects they teach and an opportunity to explore effective ways of bringing this understanding into their classrooms.

**Dicks Question 9.** For the record please include a summary statement of the total investment in the National Digital Newspaper Program including funds transferred to the Library of Congress.

**Answer:** In 2004, NEH and the Library of Congress forged a long-term partnership to support a National Digital Newspaper Program (NDNP), which is converting microfilm of U.S. newspapers from 1836 to 1922 into fully searchable digital files and then mounting the files on the Internet. Under this partnership, NEH awards grants for individual state projects and the Library of Congress provides technical assistance and mounts and maintains the database of digitized files on a website called "Chronicling America: Historic American Newspapers."

In the initial round of awards, the Endowment entered into six cooperative agreements for projects to digitize newspapers published in California, Florida, Kentucky, New York, Utah, and Virginia during the decade of 1900 to 1910. The Library of Congress also contributed newspapers published in Washington, D.C., during this period. In FY 2007, the Endowment awarded three additional grants to begin digitizing newspapers in Minnesota, Nebraska, and Texas for eventual inclusion on the website. To date, NEH has

obligated more than \$4.5 million for NDNP projects. We anticipate awarding approximately \$2 million in additional grants in FY 2008.

In addition to supporting grant applications, NEH also is sharing equally with the Library of Congress the expenses associated with designing the information systems needed to mount and maintain the digitized files on the Library's website. To date, NEH has transferred \$2.237 million to the Library for these infrastructure-related expenses.

**Dicks Question 10.** Your on board staff as of last September 30th was reported at 155. How many additional staff do you expect to hire in 2008 and in 2009 under this budget proposal?

**Answer:** The Endowment ended FY 2007 with a number of vacancies in positions we intend to fill in FY 2008. The staff level of 155 on September 30, 2007, reflected a number of retirements of long-time staff and other departures in the latter part of the fiscal year. Most of these positions have now been filled. We expect to have roughly 166 staff on board by the end of 2008. In 2009, we will again try to match staff departures with a comparable number of new hires and to end the year with approximately 167 staff in place.

**Dicks Question 11.** The staffing chart shows that 10 of your positions are SES level. NEA with similar total staff has only 6 SES slots. Why does NEH need 10 SES slots?

**Answer:** We can't presume to speak for the number of senior executive service (SES) slots at other federal agencies such as NEA. We strongly believe, however, that the number of SES staff on board at NEH is commensurate with the important work of the agency and the degree of responsibility of the staff that hold these positions. As befits the essentially scholarly nature of the Endowment's work—to advance the study and understanding of the humanities in the United States—most of our current senior positions are held by people with advanced degrees in the humanities, especially Ph.D.s, and experience in managing educational and cultural organizations and institutions. Most of our senior executive positions are comparable to the levels found in other agencies—for example, the National Science Foundation—with a national educational and scholarly mission similar to NEH's.

We would note that the Office of Personnel Management, which has government-wide control over the assignment of SES positions, has approved each of our SES positions.



WEDNESDAY, APRIL 9, 2008.

**SMITHSONIAN INSTITUTION**

**WITNESSES**

**CRISTIÁN SAMPER, ACTING SECRETARY OF THE SMITHSONIAN INSTITUTION**

**ANTHONY BEILENSEN, FORMER REPRESENTATIVE**

**OPENING REMARKS OF CHAIRMAN DICKS**

Mr. DICKS. Dr. Samper, we want to welcome you to the Subcommittee this morning. While this is your first appearance before the Committee to testify on behalf of Smithsonian budget, you are well known to most of us because of your leadership of the Institution as Acting Secretary for the last 13 months. And I think you have done an outstanding job.

We all know that this has been a very difficult period for the Smithsonian's dedicated staff, but it has been a necessary period of self examination and change for the Institution following the precipitous departure of the previous Secretary last March.

Members will talk about the many reform efforts and organizational changes which have been put in place at the Smithsonian in some detail during our hearing this morning.

At the outset, however, I want to thank you for the quality of your leadership during this challenging period. While the process has been painful, I believe the Smithsonian is now positioned to be a much stronger institution for the future than it was when this process began.

While many people contributed, no one played a more important role in putting the Smithsonian back on a positive course than you did in your position as Acting Secretary. You have restored morale, led an aggressive reform effort, and restored public confidence. Everyone on this Subcommittee, and in fact, everyone in this Nation owes you a debt of gratitude for a job well done.

Dr. Samper, the President has submitted a reasonable budget for the Smithsonian in the aggregate. The overall request for the Smithsonian of \$716 million is a \$34 million increase, about 5 percent above the 2008 enacted level. That is a good start if measured against the \$1 billion reduction proposed by the President for programs handled by this Subcommittee.

Within this proposed aggregate increase, however, there are a number of difficult tradeoffs. Increases for fixed costs and for needed maintenance improvements are offset by cuts to important exhibitions and public education activities. We need to better understand these reductions. The Subcommittee will be seeking your help over the next several weeks in finding the right mix of resources to help the Smithsonian serve the country.

We look forward to your testimony and to hearing your views.

Mr. DICKS. And I will turn to Mr. Tiahrt at this point.

OPENING REMARKS OF CONGRESSMAN TIAHRT

Mr. TIAHRT. Thank you, Mr. Chairman. I also welcome you, Secretary Samper, to the hearing this morning to discuss your 2009, budget, but I first must congratulate you for helping us through a very difficult time. You led the Smithsonian through I think one of the most challenging times in the Institution's history. I personally believe that the Smithsonian has turned a corner by embracing the reforms you are now taking, and I think you are now taking the appropriate action to ensure that this Institution that is respected and recognized worldwide remains strong and significant in the future.

Thank you for your leadership. Thank you, Mr. Chairman.

Mr. DICKS. We will put your entire statement in the record. You may proceed as you wish.

ABRAHAM LINCOLN'S IRON WEDGE

Mr. SAMPER. Thank you very much, Mr. Chairman, Mr. Tiahrt, Mr. Moran. Good morning.

With your permission, Mr. Chairman, before I read my opening statement I just want to draw your attention to a few of the objects I have brought this morning, because I think it is important to remember what the Smithsonian is all about as we enter this hearing. And I will just point them out briefly and maybe at the end of the hearing we can spend a few more minutes.

Mr. DICKS. There are a number of those over in the Longworth Building. I have seen them.

Mr. SAMPER. Well, let me point out a few things here. Let me start with a little bit of our history right here. This iron wedge that you see here is a very interesting piece, which was found in 1885, at the home of Lincoln's friend, Mentor Graham. And this wedge actually dates back to the 1830s to the time when Lincoln lived in New Salem. We know that from reading some of the information from that time, that Lincoln actually took this wedge to a blacksmith and asked him to carve his initials on the side of the wedge.

As it turns out, the blacksmith said, "I am no scholar. I cannot do that," so Lincoln took the tools himself and if you look carefully, right here on the side, you will see the initials, A. L., Abraham Lincoln, that were actually chiseled by Lincoln himself on this particular piece.

This is just one of the objects in our American history collection.

Mr. DICKS. What would Lincoln have used this wedge for? As a rail splitter?

Mr. SAMPER. That is correct. And this is just one of the objects that we have in our collections that we will be displaying next year. As you know, 1809, was Lincoln's birth, so next year is the bicentennial of his birth, and we are planning a major exhibition at the National Museum of American History to display some of these collections, including his top hat, his clothes, to really celebrate the contributions of Lincoln, not only in the American History Museum, but throughout the Institution. It is objects like this that remind us of our history.

## ASIAN LONGHORN BEETLE

Some of these artifacts here that you are looking at tell us the story as well of not only the diversity of this planet but the consequences of unintended guests. Invasive species are a \$120 billion problem a year in this country right now.

I will just point out one now. We can go into the others later, but this little one right here is the Asian Longhorn Beetle. Now, this beetle is originally native to China, and it creates major problems in terms of the economy, because it lays the eggs and the larvae grow into the trees, eat the bark of the trees, and the trees decay, and it kills billions of trees in China every year.

As it turns out, this beetle showed up in Brooklyn, New York, in 1996, and has expanded in New York and also in the city of Chicago, causing the death of many, many trees, and becoming a threat. That same species has been found in wooden crates that have arrived in California, Washington State, and Hawaii.

We estimate that if some of these species like the Asian Longhorn Beetle are not controlled, we will see billions of dollars of damage to our timber industry. Because we have a global collection of more than 30 million insects covering all the world, when a small creature like that crawls out of a crate that arrives in San Francisco, we can actually send an image or bring it to the Smithsonian, and tell you what it is, where it is from, and actually help departments like USDA and Customs with this.

Mr. DICKS. Do you have a database?

Mr. SAMPER. We are beginning to digitize some of these collections.

Mr. DICKS. Don't you think that would be smart to do?

Mr. SAMPER. Absolutely. The challenge, of course, is that we have 126 million natural history specimens, so we are working on this slowly, chiseling away at this, but we want to do more.

## ANACONDA VERTEBRAE

Now, this little specimen here also tells a story. I do not know if you would recognize what it might be if you are not experienced in paleontology.

This is actually a fossil of a vertebra.

Mr. DICKS. Of a vertebra?

Mr. SAMPER. Of a vertebra of an anaconda snake that lived 60 million years ago. This comes from South America. This other vertebra is from a contemporary anaconda. This is a vertebra of a 17-foot anaconda——

Mr. DICKS. Wow.

Mr. SAMPER. From the Amazon. Right now we estimate the ancient anaconda was more than 50 feet long——

Mr. DICKS. Oh, my!

Mr. SAMPER [continuing]. And weighed more than 1 ton. Just imagine the Potomac crawling with these little creatures. But the work of our paleontologists in the Natural History Museum at the Smithsonian——

Mr. DICKS. The Potomac River?

Mr. SAMPER. Well, this particular one comes from South America. But what we know is that because of climate change over mil-

lions of years we used to have tropical rainforests in places as far north as Wyoming. We are beginning to reconstruct the history, but the collections allow us to understand the past and see how communities of plants and animals have responded to changes in the environment over millions of years. And this kind of work, whether it is these fossils——

Mr. DICKS. Do you know where that fossil was found? Do you have any idea?

Mr. SAMPER. Yes, I do. This particular fossil was found in the coal mine called Cerrejon in northern Colombia that was explored by the Drummond Company. And Cerrejon is turning out to be an incredible treasure trove, and these just have been coming out in the last 2 years. Many of these were creatures we had no idea existed in the past. This next fossil is a peccary bone about 15 million years old from the isthmus in Panama. As you know, there is an expansion of the Panama Canal that is taking place right now.

Mr. DICKS. Right.

Mr. SAMPER. A \$5 billion investment that will help world trade and many of the economies because of the goods that go through there every year. The scientists at the Smithsonian Tropical Research Institute are collaborating with the people working on this expansion and discovering some of these fossils. This is leading them to an understanding of the role of the isthmus of Panama in the past. Also, by studying the dynamics of tropical rainforests around the world, we are expanding our knowledge to see the impacts of climate change.

#### LIFESTRAW

And one last example is this LifeStraw. This is from an exhibition at the Cooper-Hewitt National Design Museum in New York last year. It was part of a fascinating exhibition called “Design for the Other 90 Percent,” showing how we can use contemporary design to improve the lives of the other 90 percent of the population in developing countries.

This particular LifeStraw can be used, as you see in this illustration, by rural populations in Africa to drink water. It purifies it in a way that will substantially reduce illnesses. And we have also worked in recovering materials in areas devastated by Hurricane Katrina.

So these are just a few stories. There are more. Some of my colleagues who work with these artifacts are here.

Mr. DICKS. Who developed the LifeStraw?

Mr. SAMPER. It was not developed by us. I will give you the answer to that. I do not know the answer.

Mr. DICKS. No. It just would be interesting.

Mr. SAMPER. We will double check the catalog, and if it is not there, I will find the answer for you. And we have got a couple of others that we will show you later including——

Mr. DICKS. It might be useful to the military, too.

Mr. SAMPER. I think it is a way of using collections to inspire design.

[The information follows:]



## LIFE STRAW

The LifeStraw is a personal, mobile, water purification tool designed to turn surface water into drinking water. The LifeStraw was designed by Torben Vestergaard Frandsen of Denmark.

## RADIO-TRACKING COLLAR

And one last object that we will look at later, this “small” collar that you see there is actually a collar that we used for radio-tracking wild Asian elephants in Sri Lanka. And that particular collar was on an elephant there, and we are using it to understand the populations and the movements of elephants in the wild so we can assist in the conservation of endangered species. And one of our curators from the National Zoo who is working on this is here with us. Maybe at the end of the hearing if any of you have time I would love to tell you a little bit more about those stories.

Mr. Chairman, I just figured it was a good way to start the hearing, to remind us—

Mr. DICKS. Fine. I think that is terrific.

Mr. SAMPER [continuing]. What the Smithsonian is all about.

Mr. DICKS. And thank you for that presentation, and what are the other bugs over here?

## OPUNTIA CACTUS

Mr. SAMPER [continuing]. This is the leaf of an opuntia cactus, which is the cactus that is found in parts of the southwest, also parts of Florida. This particular species of moth, which is called *Cactablastus*, was originally from Argentina, and as it turns out, it was introduced as an invasive species that showed up in Florida and now is spreading throughout the United States. This species, which is endemic to Argentina and affects local populations of *Opuntia*, is now beginning to affect the species of cacti that are found in the dry areas of the U.S. and is beginning to be a big problem.

This tiny little creature that you see here is a parasitic wasp, that is known from the original range of this particular moth species and can be used as a biological control against these species.

Mr. DICKS. Well, that is the cactus there. What is this over here on the left? The little one.

Mr. SAMPER. That is probably the flower, the fruit of the cactus. Botanists always need a flower or a fruit to be able to classify a species of plant.

Mr. DICKS. Well, where would that cactus be from? Arizona?

Mr. SAMPER. We can look at the label, and it tells us this particular specimen was collected in 1987, in Rancho Nuevo. It is Mexican.

Mr. DICKS. Mexican.

Mr. SAMPER. This particular one is from Mexico.

Mr. DICKS. Mexico. Okay. All right. Well, thank you.

Mr. SAMPER. There are many more stories like this, Mr. Chairman, but I appreciate your indulgence.

Mr. DICKS. No. We appreciate that.

Mr. SAMPER. Now, if I may go on with just a short statement, and you have my written statement.

Mr. DICKS. Right. We will put your full statement in the record and——

Mr. SAMPER. I appreciate it.

Mr. DICKS [continuing]. You may summarize as you wish.

#### OPENING REMARKS OF CRISTIÁN SAMPER

Mr. SAMPER. Thank you. Let me just thank you, Mr. Chairman and members of the Committee, for the opportunity to testify before you today to discuss our fiscal year 2009 budget. The support of the Administration and Congress is essential to all that we do, and we greatly appreciate that support and look forward to working with members to make the Smithsonian even stronger for future generations.

As you know, last month the Regents unanimously elected the twelfth Secretary of the Smithsonian Institution, Dr. Wayne Clough, who currently is the President of the Georgia Institute of Technology. He officially assumes his office on July 1, and I have been working with Dr. Clough to insure a smooth transition at the Smithsonian and will continue to do so in coming weeks and months.

As I have mentioned to you, my plan is to return to my regular job as Director of the National Museum of Natural History beginning on July 1.

The core mission of the Smithsonian, our work related to the research, collections, outreach, and public programs remains strong. People are coming to see that work, and for those who cannot come to Washington, we are reaching out to connect with them.

More than 24 million visitors from across the country and around the world enjoyed the Smithsonian last year, including 35 extraordinary exhibitions that were hosted by various museums, and we had 183 million visitors to our various Web sites, which is about a 20 percent increase over a year before.

The Smithsonian Traveling Exhibition Service reached 409 communities in all 50 States, Puerto Rico, and Guam, and an additional five million people last year were able to see collections of the Smithsonian across America thanks to this partnership. We now have 159 affiliate museums in 39 States, Washington, D.C., Puerto Rico, and Panama. And in addition, Smithsonian Networks, which is our new venture for a television channel, has expanded its services and is now bringing programs and great stories about the Smithsonian to more than 22 million people across America.

Last year the spectacular Robert and Arlene Kogod Courtyard opened at the Smithsonian's National Portrait Gallery and the Smithsonian American Art Museum, and this year we will open the Ocean Hall of the National Museum of Natural History in September and a transformed National Museum of American History will reopen in November as the new home for the Star-Spangled Banner.

With that as background let me provide the Subcommittee with a brief update on three priorities; strengthening governance, fixing our facilities, and investing in our programs.

As you know, the Smithsonian Board of Regents has established an aggressive governance reform agenda to address the problems that were identified last year. I am pleased to report that the

Smithsonian has now fully implemented 17 of the 25 governance reform recommendations, and we are on schedule to complete the rest of the recommendations in the next few weeks or months.

The reforms include the creation of a new position for a Chairman of the Board and establishing an Office of the Regents that is separate from the Office of the Secretary. We have developed a unified compensation approach, and all senior executives are now on an earned leave system like all other employees of the Smithsonian and have also been prohibited from serving on any corporate boards. The details of additional reforms are publicly available in our scorecard on our Web site.

The second major challenge is the maintenance and revitalization of our facilities. We have made good progress in recent years, but we still have much work ahead. We appreciate the support that we have received from the Administration and from Congress, including the additional funds that have been provided through the Legacy Fund this year. The budget request for 2009 includes a substantial increase for facilities capital, maintenance, and security, and will no doubt allow us to make substantial progress in this regard.

And this brings me to the third challenge, which is investing in our programs. As you know, I care deeply about the mission of the Smithsonian. We look after many of America's greatest treasures, we conduct research that expands our understanding of the world, and we share this knowledge with millions of visitors who come from all over America and around the world to see the Smithsonian.

Unfortunately, for more than a decade we have suffered through a steady base erosion in our federal funding, and our staff across the Institution has been reduced by more than 20 percent, which is definitely taking its toll on our programs. The fiscal year 2009 budget provides a significant improvement in facilities maintenance and revitalization, but it reduces federal funding for our public programs, exhibitions, and research by \$11.2 million.

This puts many programs at risk, for example, the popular Insect Zoo at the Natural History Museum, the guided school tours that we do at many museums, our traveling exhibitions, and other program activities.

I always like to remind my colleagues and the Board of Regents that in my view there is no point in having beautiful facilities if they are going to be hollow inside. We need to invest in our physical and our intellectual infrastructure. We must continue to attract the best minds in the world, the brightest scientists, the brightest educators, and the brightest curators. These are the people who bring the collections to life, who reach out to visitors from around the world, and who explore the world to create new knowledge that we can share with present and future generations.

The Smithsonian has been a public private partnership from its inception back in 1846, and we would not be here without generous support from the Administration, from Congress, and from the American people. We look forward to building on this partnership, and thank you for your support and the hearing today.

[The statement of Cristián Samper follows:]

**House Subcommittee on Interior, Environment, and Related Agencies  
Testimony of Smithsonian Institution Acting Secretary Cristián Samper  
9 April 2008**

Thank you for this opportunity to testify before the House Subcommittee on Interior, Environment, and Related Agencies regarding the Smithsonian Institution's fiscal year 2009 appropriation.

The support of the Administration and the Congress is essential to all that we do. We appreciate that support and look forward to working with members to make the Smithsonian even stronger in the future. The Smithsonian is certainly grateful for the \$682.6 million FY 2008 appropriation. For FY 2009, the request is \$716.4 million. The FY 2009 budget provides a significant improvement in facilities maintenance and revitalization, but it reduces federal funding for Smithsonian public programs, exhibitions, and research and redirects that funding to the maintenance program.

The Smithsonian has been a public-private partnership since its establishment 162 years ago, with the mission: "the increase and diffusion of knowledge." The Smithsonian is the world's largest museum and research complex. With 19 museums, nine research centers and the National Zoo, the Smithsonian stands out as a unique entity, a leader in science, history, art, and culture. As an international institution it offers the world a picture of America and America a picture of the world.

I am pleased to report that the core mission of the Smithsonian, our work related to research, collections, outreach, and public programs remains strong. More than 24 million visitors from across the country and around the world enjoyed the Smithsonian and 35 extraordinary new exhibitions last year, and we had 183 million visitor sessions to our various websites. The Smithsonian Traveling Exhibition Service, the largest service of its kind in the world, reached 409 communities in all 50 states, Puerto Rico and Guam—an additional 5 million people last year. And many members of Congress have a Smithsonian Affiliate in their districts because we now have 159 affiliates in 39 states, Washington, D.C., Puerto Rico and Panama.

The spectacular Robert and Arlene Kogod Courtyard opened at the Smithsonian's National Portrait Gallery and Smithsonian American Art Museum. This year we will open Ocean Hall at the National Museum of Natural History, and a transformed National Museum of American History will reopen with a new home for the Star-Spangled Banner.

Five of the top six leadership positions at the Smithsonian are now occupied by new people. In addition, we recently hired two great new museum directors: Kevin Gover at the National Museum of the American Indian, and Martin Sullivan at the National Portrait Gallery.

And, as you know, last month, the Regents unanimously elected the 12<sup>th</sup> Secretary of the Smithsonian, Dr. G. Wayne Clough, currently President of the Georgia Institute of

Technology. He officially assumes office on July 1. I have been working with Dr. Clough to ensure a smooth transition at the Smithsonian and will continue to do so.

With that as background, today, in addition to discussing the Smithsonian's budget, I thought it would be helpful to provide the subcommittee with a brief update on three priorities for the Smithsonian: strengthening governance, fixing our facilities, and investing in our programs.

The Smithsonian's Board of Regents established an aggressive governance reform agenda to address the problems we identified last year. I am pleased to report that the Smithsonian has fully implemented 17 of 25 recommendations, and we are on schedule to complete the rest in the next few months. Reforms include the creation of a new position for a Chairman of the Board and establishing an Office of the Regents separate from the Office of the Secretary. The General Counsel, the Chief Financial Officer and the Inspector General have direct access to the Board.

We have developed a unified compensation approach for our senior leadership and all directors are prohibited from serving on corporate boards and are on an earned leave system as of October 1<sup>st</sup>.

I established a Task Force to review the operation of Smithsonian Business Ventures and it presented recommendations to the Board of Regents last month. The Task Force stated that generating revenue for the Smithsonian through commercial activities is "a desirable and important component of funding," but only when conducted in concert with the Smithsonian's mission and values. We have recently announced plans to restructure and rename Smithsonian Business Ventures.

With all these reforms, our goal is much more than to fix past problems; our goal is to become a leader in good governance. We are well on our way to achieving this goal.

The second major challenge is the maintenance and revitalization of our facilities. This problem stems from the size, scope, and history of the Institution. The Smithsonian has more than 700 buildings and structures, and 11 million square feet of space. Many of our buildings are several decades old, some more than 100 years old. With more than 6,000 employees, 6,000 volunteers and 24 million visitors, the Smithsonian is the size of a not-so-small town.

The Arts and Industries Building on the National Mall is a perfect example of the larger problem. We made the difficult decision to close that building due to safety concerns. We are examining solutions to this challenge and plan to reopen this historic building, but it will cost more than \$75 million just to fix the shell and roof of the building. We have issued a public call to interested private entities to partner with us to renovate the building and return it to public use, in a manner that would be compatible with our mission and advance our programs.

The Board of Regents' Committee on Facilities Revitalization is developing a comprehensive strategy to address the funding shortfall for facilities maintenance, revitalization and construction. A key aspect of this strategy will be to include a facilities component in a national fundraising campaign, which will be augmented by the Legacy Fund established by Congress in the Institution's FY 2008 appropriation. We are very grateful for that additional funding.

This brings me to the third challenge for the future of the Smithsonian: investing in our programs. As a person who has led one of the major museums of the Smithsonian for the last five years, the National Museum of Natural History, I know that investing in our collections, exhibits and research is absolutely crucial to fulfilling our mission and maintaining the Smithsonian as a vital and vibrant institution into the future. I am concerned that most of the attention has been placed on fixing our facilities, and not enough on investing in the programs at the core of our mission.

There is no point in having beautiful facilities if they are going to be hollow inside. We need to invest in our physical and intellectual infrastructure. We must continue to attract the best minds in the world: the brightest scientists, educators, and curators. These people bring our collections to life, reach out to visitors from around the world, and explore the world to create new knowledge. We need to make the information about these collections available widely using new technologies and bring them to classrooms across America.

We have been fortunate to secure substantial funding to support our programs thanks to the generosity of individuals, foundations and companies. During the past fiscal year we secured more than \$166 million for specific projects in education, research and collections. We also secured an additional \$100 million in grants and contracts to support our work, primarily in the area of astrophysics. This means that every year the Smithsonian generates more than 35% of its operating budget from sources other than our annual federal appropriation.

For FY 2009, the Smithsonian's request totals \$716.4 million. The request includes \$588.4 million for Salaries and Expenses (S&E) and \$128.0 million for Facilities Capital. This represents a \$26 million increase above the FY 2008 enacted level for S&E. The request covers the majority of mandatory items such as the government-wide pay raise, rent and utilities. It also provides a \$17 million increase for facilities maintenance. This increase moves us closer to the industry standard for a minimum maintenance budget and will enable us to respond more quickly to repair requirements, and will enable us to do more preventive or predictive maintenance instead of only fixing what breaks. This increase is very good for the Institution's facilities, but it is partially paid for by an \$11 million reduction in federal funding for public programs, exhibitions and research. The Institution will seek to raise private funds to offset this reduction.

The Smithsonian agenda is ambitious but focused. The Institution's leadership team is committed to a balanced approach that stresses not only the revitalization of the Smithsonian's physical infrastructure, but also important scientific, educational, and

collections care programs. Also, to respond to the recommendations of the Board of Regents' new permanent Governance and Nominating Committee, the Institution is requesting funds to support the new governing practices that were developed to strengthen the Board's oversight of the Institution. In addition, to better position the Institution to tell its story, the Smithsonian has packaged the priorities of security, facilities, and collections care under a new heading, *Stewardship of National Treasures*.

Given its successes, concerns, and budget realities, the Institution's budget priorities include, in order of priority:

- Mandatory funding increase requirements of \$16.4 million, for legally mandated federal compensation increases; contractually obligated rental increases; rent requirements; and leases for collections storage space;
- Board of Regents' Governance and Nominating Committee support of \$364,000 to strengthen oversight of the Institution, including additional staff for the Inspector General and the Chief Financial Officer; and
- The Institution's requested increase to support *Stewardship of National Treasures* totals \$20.4 million in S&E and a total of \$128 million in Facilities Capital, and includes:
  - Security guards to meet minimum security staffing needs; increased security costs at the George Gustav Heye Center in New York City; and measures to provide employee and contractor security screening, for a total increase of \$2.0 million.
  - An increase of \$16.8 million for physical facilities maintenance needs and a request of \$128 million for revitalization in the Facilities Capital account, as supported by the National Academy of Public Administration's 2001 report and reinforced by the Government Accountability Office's 2005 and 2007 reports.
  - Collections care, including improved conservation, preservation, storage, documentation, and accessibility of the national collections, and information technology infrastructure needs require an additional \$1.6 million for FY 2009.

These increases are offset by a reduction of \$11.2 million to the Institution's public programs, exhibitions, and research. This funding is redirected to the Administration's higher priority facilities maintenance program. The Smithsonian will seek to raise private funds to support programmatic functions, a task that will be a challenge, but less difficult than raising funds to support maintenance.

The challenge ahead is enormous. It will require a true partnership where the Smithsonian, the Administration and the Congress work together to address both the needs of the facilities and the activities that take place inside them. What the report *E*

*Pluribus Unum: This Divine Paradox* of the Commission on the Future of the Smithsonian Institution pointed out in 1995 also holds true today. Thirteen years ago, it stated, “The Smithsonian cannot achieve the nation’s expectations by itself. It will require the sympathetic understanding and full support of the American people and the Congress.”

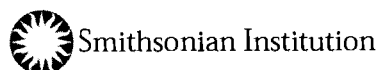
We will continue working hard to secure the funds necessary to carry out our mission, including designing and launching a national campaign to appeal to the American people for additional support. It is, however, the federal support that enables us to leverage funds from the private sector.

For 162 years, the Smithsonian Institution has built the national collections, disseminated innovative research, and welcomed millions of visitors to its museums, creating a reputation so strong that the Smithsonian is known as a symbol of America throughout the world.

At a time when globalization is bringing countries and peoples closer together, at a time when there are growing tensions among some cultures, at a time when the image of America abroad may be questioned by some, the Smithsonian presents another face of America—a country that cherishes an Institution driven by the desire to increase and disseminate knowledge among humankind.

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March 2008

### **Cristián Samper**

#### **Acting Secretary of the Smithsonian**

Cristián Samper (sahm-PAIR), biologist and international authority on environmental policy, is Acting Secretary of the Smithsonian Institution, since March 26, 2007. As Acting Secretary, he has guided the Institution through transition, working with the Board of Regents on comprehensive governance review and reform, as well as enhanced communications. Samper has worked with Congress to address the funding need for facilities; initiated the planning for the Institution's first national fundraising campaign; restructured and refocused Smithsonian Business Ventures; and overseen the infusion of new leadership.

Prior to being named Acting Secretary, Samper served as director of the Smithsonian's National Museum of Natural History, since 2003, where he managed the largest natural history collection in the world and a museum that welcomes more than 5 million visitors each year.

Samper, 42, was deputy director and staff scientist at the Smithsonian Tropical Research Institute in Panama, the largest research facility in the tropics, with emphasis on tropical forests and coral reefs, from 2001 to 2003.

From 1999 to 2001, he was chairman of the Subsidiary Body of Scientific, Technical and Technological Advice of the United Nations Convention on Biological Diversity. In this role, Samper helped develop a global strategy for plant conservation and launched the Millennium Ecosystem Assessment, designed to determine the consequences of ecosystem change for human well-being and provide the scientific basis for action to conserve and use ecosystems sustainably.

From 1995 to 2001, Samper was the founder and first director of the Alexander von Humboldt Institute, the national biodiversity research institute of Colombia. He was responsible for developing the National Biodiversity Policy for Colombia, promoting research on biological inventories, conservation biology and sustainable use of biodiversity. At the same time, he served as chief science adviser for biodiversity for the Colombian government and served on the boards of many environmental institutions. For his contributions, he was awarded the National Medal of the Environment by the president of Colombia in 2001.

Samper served as director of the environment division of the Foundation for Higher Education in Colombia from 1992 to 1995, and he also was adjunct professor of biology at the

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Universidad del Valle in Cali, Colombia. He was a moving force behind the establishment of a network of private nature reserves throughout Colombia. Samper also helped design and implement an environmental education program that has reached more than 10,000 Colombian schools; he also helped establish Colombia's Ministry of the Environment in 1993. Samper served as research director of La Planada Nature Reserve from 1989 to 1991.

Known for his work in the ecology of the Andean cloud forests, conservation biology and environmental policy, Samper currently sits on the board of the American Association of Museums and the Center for International Forest Research.

Born Sept. 25, 1965, in San José, Costa Rica, Samper grew up in Colombia and holds dual citizenship from the United States and Colombia. Samper received a bachelor's degree from the Universidad de Los Andes in Bogotá (1987); he earned his master's degree (1989) and doctorate degree (1992) in biology from Harvard University, where he was awarded the Derek Bok prize for excellence in teaching.

The Smithsonian is a museum and research complex of 19 museums and galleries, the National Zoological Park and nine research facilities. There are more than 6,000 Smithsonian employees, including 500 scientists and 5,500 volunteers. Approximately 24 million people from around the world visited the museums and the National Zoo in 2007. The total number of objects, works of art and specimens at the Smithsonian is estimated at nearly 137 million.

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## RECENT CHANGES AT THE SMITHSONIAN

Mr. DICKS. I personally believe the Smithsonian has come through this very difficult period a much stronger institution. As we both know, during the last few years the Smithsonian has suffered from a significant decline of public confidence in the Institution. Because of the strength of your leadership, this National treasure can now move forward with a bright future which matches its wonderful past.

The turnaround has meant a lot of changes for the Smithsonian, which we will discuss in a few minutes. In your role as Acting Secretary, can you tell us in broad terms how you believe the Smithsonian is different today than when you took over last March?

Mr. SAMPER. Thank you, Mr. Chairman. This has been in my view quite an extraordinary year for the Smithsonian, and I think the major changes that we have seen include the reform in our governance. I think after 160 years of history it was important to step back, to look at best practices, and look at ways that we could improve how we do things. I outlined a few of these changes, and I am confident that the governance of the Smithsonian is much stronger today.

The other area where I am very pleased with the progress that we have made deals with employee satisfaction and morale. I think we have seen a major change in this. I am happy to say that our curators, educators, collection managers, security officers, and others are committed to the mission, and I think we have seen substantial progress in improving the morale at the Smithsonian.

I would also acknowledge that thanks to the support that we have received we continue making good progress in the facilities area, in our facilities capital investments through renovations like the old Patent Office Building, but there are still challenges ahead, especially those relating to our programs and our investment in science, art, and culture.

## FISCAL YEAR 2009 BUDGET

Mr. DICKS. The overall budget request of \$716 million for the Smithsonian is an increase of \$34 million or about 5 percent. This 5 percent increase is the largest percentage increase proposed for any major agency funded by this Subcommittee. This is a pretty remarkable request in the current budget environment.

As we all know, however, the devil is often in the details. Large increases for fixed costs, facilities maintenance, and capital projects are offset in the President's request by a largely unexplained reduction in funds to support public programs.

## IMPACT OF \$11.2 MILLION PROGRAM REDUCTION

What can you tell us about the impact of this \$11.2 million reduction on programmatic and educational activities?

Mr. SAMPER. As you point out, Mr. Chairman, we are certainly grateful and satisfied with the overall submission of the budget and the \$34 million increase, and we are very grateful for that, but as you point out, nearly all of it is going to facilities maintenance and revitalization at the expense of some of the programs.

We have not determined any allocation for these cuts at this point, but we have started examining options should we not be able to turn this around as a result of this hearing with the work of this Committee and the Senate.

There is no doubt that an \$11 million cut would affect our ability to provide some of the educational opportunities, some of the ways we can provide services for school groups, some of the attractions that we have around the Smithsonian, and we will probably also be forced to reduce our traveling exhibition service and some of our loans to various museums and research institutes and universities around the country.

Were that number to hold, we estimate we would do anything we can around the sides to limit our activities, but I would not discard the possibility of having to look at a reduction in force in our program activities, primarily in education and exhibitions, which would be devastating for the Smithsonian.

Mr. DICKS. In your statement you indicated that you will try to replace \$11.2 million, with private contributions. Is that realistic?

Mr. SAMPER. Not in the short term, Mr. Chairman. We are fortunate, and we make a big effort every year to go out and raise funds, and we have been very successful in raising funds for major renovations or exhibitions. The problem with these proposed cuts is that they would affect our base staffing, which is what allows us to carry on these activities in the long term.

So although we are committed to continuing to expand our federal base and our private funding, what we call the trust funding, we feel that it would be very difficult to fill this gap for these kinds of activities in a matter of 6 months.

Mr. DICKS. At the same time the budget for annual maintenance, even with a \$16.8 million increase, is still about \$30 million below the \$100 million standard for maintenance recommended based on industry facilities standards. If additional funds cannot be found, should the Committee consider reallocating some of the facilities funds requested by the President back to the programmatic area?

Mr. SAMPER. I think it is one of the options we will need to examine, Mr. Chairman. The issue, as you point out, is that the facilities maintenance budget is still below the industry standard. Given the size of our facilities, the fact that we have more than 700 buildings and facilities at the Smithsonian, we estimate that the industry standard would dictate about a \$96 million investment every year.

So even with the proposed increase, we would still be short. My preference would be to try to maintain some of the funding for the facilities maintenance. I think there are some of the investments in facilities capital that we could look at potentially deferring if that were the case.

#### SALE OF REAL ESTATE ASSETS

Mr. DICKS. Two years ago the Smithsonian raised about \$48 million through sale of the Victor Building. You indicated in your budget documents that the Smithsonian currently owns over, as you just mentioned, 700 buildings. Are there excess or under-utilized assets which could be sold to raise money for other needs at the Institution like maintenance?

Mr. SAMPER. The short answer would be, no, there is no other asset like the Victor Building that has been purchased and could be sold. So we are not looking at that as an option in the short term. We are looking at the possibility of consolidating some of these facilities and trying to move out of some of the facilities like the one we have at 1111 North Capitol, which needs to be moved to another location, which supports our exhibits central service. But we do not have an asset like Victor Building we could turn around and sell.

Mr. DICKS. Mr. Tiahrt.

#### PROGRESS ON REDUCING FACILITIES BACKLOG

Mr. TIAHRT. Thank you, Mr. Chairman.

This Subcommittee appropriated about \$900 million since the critical backlog problem was brought to our attention back in 1996. Recognizing that your backlog has been verified to be somewhere in the area of \$1.5 billion and that no agency ever completely eliminates the problem, can you describe to us how much progress has been made to date, assuming you have been addressing the most critical items first?

Mr. SAMPER. Thank you, Mr. Tiahrt.

As you point out, I think we have been able to make progress thanks to the support and the appropriations we have received. Our priorities have been focusing on those buildings that receive the largest number of visitors, that house the largest number of collections, and that pose greater issues related to safety.

We have taken on large projects. The most recent one that we completed successfully was the renovation of the old Patent Office Building, which I think has been very successful. We can all be proud of this. As you know, this was a \$200 million project. So I think we have made progress there.

We have also been able to recently complete the expansion of our Museum Support Center, what we call affectionately Pod 5, out at Suitland in Maryland, which has now allowed us to build a state-of-the-art facility, a \$40 million project, for collections that are preserved in alcohol such as fish and some of the very important collections we have. These are now being moved from the building on the Mall to Pod 5. All of the fish collection is to be moved out there.

So I think we have made substantial progress, but as you point out, we still have a lot of work ahead. We estimate the kind of figure we are looking at is about \$1.5 billion for revitalization over the next 10 years.

Now, the appropriation request is before you, which includes \$128 million for facilities capital, would certainly allow us to make substantial progress and brings us much, much closer to what is our annual target number, which is \$150 million. And we have been able to come this far thanks to the support from this Committee and the Senate.

#### IMPACT OF FACILITIES INVESTMENT ON PROGRAMS

Mr. TIAHRT. By focusing on these increased backlogs, what impact has it been to your science programs, your public programs, the core areas you feel like you have at the Smithsonian?

Mr. SAMPER. We all know we have a big issue with the facilities, and I think we have been fortunate to document it well and make progress. But in my personal view we have been investing in the facilities at the expense of our program activities in science and education.

One of my priorities as Acting Secretary has been to try to bring a better balance in these. As I mentioned in my statement, absolutely we need to continue fixing the buildings, but there is no doubt in my mind that we need to invest in the minds and the collections that are housed in those buildings.

This is part of the balance that we are seeking, and I will continue pushing either as Acting Secretary or Director of the National Museum of Natural History.

#### STATUS OF ARTS AND INDUSTRIES BUILDING

Mr. TIAHRT. All right. Last year the Smithsonian issued a request for proposal for historic Arts and Industries Building on the Mall. What was the response from the private sector, and before you issued the RFP, did the Smithsonian conduct an internal study into their possible use of the building, or is this decision to seek private sector financing and use simply driven by the lack of federal funds?

Mr. SAMPER. As you know, the Arts and Industries Building was closed back in 2004 due to concerns about the structural safety of the building, and one of my priorities as Acting Secretary has been to explore options to bring it back to the public.

We did issue a request for qualifications to seek potential public private partnerships, and that was driven largely by the lack of federal funds to deal with this. We received 11 responses as a result. A technical panel from our staff across the Institution is currently reviewing them to see whether there are any that would be adequate in terms of good fit with the overall mission of the Smithsonian, expanding the services that we bring, preserving the architectural and historical significance of the building, and would also be financially viable. We are currently assessing these.

Simultaneously, what I have decided to do just in the last 3 months is to issue a request for ideas from our own staff in terms of potential uses for the building; this study will be completed on April 15. Our goal is to have the results of the request for qualifications and the internal study with options that can be discussed with the Board of Regents and with this Committee in the next few months. It is a very important decision, and there is no doubt that we need to find a solution to bring this building back to public use.

#### STATUS OF SMITHSONIAN BUSINESS VENTURES

Mr. TIAHRT. Last year the Smithsonian Inspector General released a report on the Smithsonian's Business Ventures Office originally created by Larry Small, but I believe you also directed a group, to review the issue at least internally.

Can you talk about your plans for that group now?

Mr. SAMPER. Yes. Smithsonian Business Ventures was established back in 1999, as a way of consolidating a lot of our business practices and try to improve business management. But there has been a lot of criticism both inside and outside the Smithsonian.

When I became Acting Secretary, I decided it was time to really take a hard look at this, see some of the ways some of our deals have been structured. So I appointed a task force. The task force released a report in January, and we discussed it at the Regents' meeting in January.

In a nutshell the recommendations are that we need to make absolutely sure that the business activities that we pursue in the Smithsonian are very well aligned with the mission. I think most of them are but some of the licensing deals are probably a little bit on the edge, and I think going forward we need to make sure that they fit in and help us expand our mission. But also that they are done in a very transparent way.

What we are doing currently is completely restructuring Smithsonian Business Ventures. We intend to rename it, likely calling it Smithsonian Enterprises, appointing new leadership for this unit, and revising all of the revenue share arrangements with the various museums.

So it is a major overhaul of Smithsonian Business Ventures to try to bring it back into the fold and refocus on the mission. I am convinced that there are businesses that are good business that are also fully consistent with the mission, and I think those are the ones that we should focus on going forward.

Mr. TIAHRT. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Moran.

#### STATUS OF ARTS AND INDUSTRIES BUILDING

Mr. MORAN. Thanks, Mr. Chairman. I am going to follow up on a couple of the issues that Mr. Tiahrt raised.

First of all, the Arts and Industry Building. I happen to be a booster of the Women's History Museum going there, but you are requiring \$75 million to repair what, the roof and the shell, for anyone that wants to be able to use that building I gather. That is a very expensive undertaking.

Have you gotten many proposals for that project?

Mr. SAMPER. Thank you, Mr. Moran.

As you know, this is a building of great historical significance, and part of the challenge is that restoring a building while preserving its historical architecture—

Mr. MORAN. It is a beautiful building.

Mr. SAMPER [continuing]. Will be very expensive. We do estimate that just fixing the building, which includes redoing all of the electrical systems, replacing the roof, all the plumbing, all the different systems will be in the order of \$75 million.

As I mentioned, we issued a request for qualifications to explore these. We had 11 expressions of interest. Not all of them are viable, and I think it is too early to know what the results will be, but I was pleased to see that there are some private groups and companies that have come forward and expressed interest in investing some of these funds. But as you can imagine, there are probably a number of limitations like long-term leases on the building, and I think we need to examine those very closely internally within the Smithsonian management—

Mr. MORAN. What is your timing, Mr. Samper?

Mr. SAMPER. We already received the results for the request for qualifications. We are finishing the internal study of options for the building that will be done by April 15. It is my intention to have both documents ready for the May 5 meeting of the Regents, and I think after a preliminary discussion, we would like to begin consultations with this Committee.

I would certainly hope that we could have a decision about the best way forward at some point early this fall, which could include either pursuing a public private partnership or looking at other alternatives that we could do if we had federal support.

Mr. MORAN. Thank you. Your attendance was going up until you closed the American History Museum, and so that throws the numbers off, otherwise you'd have record attendance. Do you have any numbers for this year?

Mr. SAMPER. Yes. I actually just looked at our numbers through March yesterday, Mr. Moran. I am happy to say our attendance is holding strong. Last fiscal year finishing September 30, we had 24.6 million visitors across the Smithsonian, which represented a 7 percent increase over the previous year, and that number as you point out is with the American History Museum closed, which itself would drive about three million visitors a year. So it has been strong.

The attendance in the first 6 months of this fiscal year is up 2 percent over last year. So it is still holding despite some of the concerns with the economy, but we will really feel the impact of that this summer, because as you know, our attendance is very seasonal. We get half of our visitors during the summer months.

#### SMITHSONIAN STUDENT TRAVEL PROGRAM

Mr. MORAN. Sure. Now, Mr. Chairman, I have one other issue I need to explore here, and Mr. Secretary, I have sent you a letter, and you had somebody else respond, but it is on the Smithsonian Student Travel Program. Eight different student travel companies have written expressing concern about this.

You have given this E. F. Travel out of, where is it? Sweden. I think it is a Swedish company. The right to exclusively use the Smithsonian name, and they bring people from around the world, really, but particularly around the country and but they really have no relationship to the Smithsonian, and yet they have even changed their name to take the E. F. that designates the company and just say, Smithsonian Student Travel Services. So anyone would normally think this was a Smithsonian Institution enterprise. Their promotional material implies they have special access to the Smithsonian, unique programs that their competitors cannot offer. Their competitors give the names of the people that they bring in, and then all those names are given to this E. F. company. And, in fact, there was even an advertisement for a program manager, and one of the jobs of the program manager was to facilitate the exclusive licensee's access to prospective tour leaders and customers through Smithsonian channels.

So in other words their job is to give all this, what other groups feel is somewhat proprietary information, to this E. F. group. And you know, when you have the adult tour groups, that is a multiple, you put that out for multiple bidding. This was basically a sole



source contract, and then they have told me that there is an inconsistency, if not a violation of D.C. law, because they do not always provide somebody to attend the groups as they are going throughout the District of Columbia.

So I have got any number of more concerns about this. I do not want to take up all of the time but——

Mr. DICKS. Good.

Mr. MORAN [continuing]. Well, you know, Mr. Chairman, I just want to raise this because——

Mr. DICKS. We will put it all in the record.

Mr. MORAN. Well, we can put some of it on the record but nobody ever reads that stuff. Maybe you do. I doubt it. But——

Mr. DICKS. Mike reads it all.

Mr. MORAN. I know, but there is only so much Mike can, just a little digression, Mr. Chairman, but, you know, the Smithsonian got into a lot of trouble previously——

Mr. DICKS. Right. We do not want them to get into any more trouble.

Mr. MORAN [continuing]. With the TV channel, and that is why we are raising this so that——

Mr. DICKS. Well, we should raise it.

Mr. MORAN. Thank you.

Mr. DICKS. I applaud you for raising it.

Mr. MORAN. That is the spirit. Now we are going to leave that digression for the conversation and let you respond a bit, and I would hope you would share this concern, though, that a number of groups have raised.

Mr. SAMPER. Thank you, Mr. Moran. I am aware of the concerns from these groups, and I am happy to say that the Acting CEO of our Business Ventures held a meeting in the last few days with some of the members of these groups. So, we have opened a channel of communication to explain this agreement.

This was one of the deals that was done by Business Ventures——

Mr. MORAN. Yes.

Mr. SAMPER [continuing]. More than 2 years ago. As I indicated, I think we need to review some of our practices.

Mr. DICKS. Was it a sole source?

Mr. SAMPER. It was, with this company, yes, but the one issue that is important to clarify is that, this is one of the licensing deals where they were allowed to use the Smithsonian name in exchange for a fee that is destined to support educational programs.

Mr. MORAN. But what if they take tours all over the country that have nothing to do with Smithsonian and still use the name?

Mr. SAMPER. Correct. But the important issue is that, as you know, Smithsonian Journeys has been something we have been running for more than 20 years, and we have worked with E. F. as one of the companies doing this. In general, we are not in the business of running our own tours. We provide some additional expertise, but we outsource many of them. I think that uses our skills better. So this was in many ways a logical extension from our Journeys program, expanding it to some of the student travel.

The one issue that is important and that we have clarified to these groups that were interested is that this group, although they

can use the Smithsonian name, they are not being given any privileges or access that are not available to any of the other student groups.

Mr. MORAN. Use of the Smithsonian name is the privilege.

Mr. SAMPER. Correct.

Mr. MORAN. Because people think it is a Smithsonian Institution Program.

Mr. SAMPER. Correct. And the various companies, including World Strides and the others, have shared some of these concerns. As I mentioned, there was a meeting recently, and we are listening to see how we can accommodate some of their concerns within the terms of this particular license. And certainly our intention is once this particular license deal is completed, Smithsonian Enterprises in its new form will—

Mr. DICKS. When will that be? When will it be done?

Mr. SAMPER. I do not know the exact term off the top of my head.

Mr. DICKS. Why don't you put the details in the record on that?

Mr. SAMPER. I will be happy to provide you with that, Mr. Chairman. Thank you, Mr. Moran. I am looking into the issue.

Mr. MORAN. That is the spirit. Good answer. Thank you, and thank you, Mr. Chairman.

Mr. DICKS. And a totally appropriate question.

[The information follows:]

#### LICENSING AGREEMENT WITH EF TRAVEL

The agreement with EF Travel to license the Smithsonian name for student travel services was signed in 2006, and is for a term that is no longer than 10 years.

#### SMITHSONIAN ENDOWMENT

Mr. CALVERT. Thank you, Mr. Chairman. Thank you, Doctor, for coming today.

I am new to the Committee, but I have some questions on your endowment. How large is your endowment?

Mr. SAMPER. The endowment, depends on the market, Mr. Chairman. The last few weeks it has not been doing that great, but it is about \$1 billion total.

Mr. CALVERT. About \$1 billion.

Mr. SAMPER. Yes.

Mr. CALVERT. Do you know what the average rate of return has been in the last, say 5 years?

Mr. SAMPER. Let me get some help. I know the last few was about 18 percent, so we have been diversifying our investments substantially in the last few years. It took a very big hit after 2001, because it was almost all being held in government bonds and S&P-500s.

Mr. CALVERT. Yes.

Mr. SAMPER. I will have to get you the exact average for the last 5 years. I do not know it off the top of my head.

Mr. CALVERT. On the endowment itself, what percentage are you setting aside for annual allocation?

Mr. SAMPER. Five percent.

Mr. CALVERT. Five percent.

Mr. SAMPER. Five percent, which is a consistent practice for most endowments.

Mr. CALVERT. And do you have a number of people that go around the country looking for large donations to the endowment?

Mr. SAMPER. Yes, we do. Part of the job of every museum director and research institute director is to go out and try to secure funding for the endowment. Mr. Calvert, as you can imagine, many of these donors are people with particular interests who will give us restricted funds for say, an endowed chair or a fellowship. So the vast majority of this is—

Mr. CALVERT. Just, and again, I am new to the Committee. It just seems relatively small endowment relative to say Notre Dame or Harvard or some, Stanford, something that have significantly larger endowment funds than a much older and prestigious institution such as Smithsonian.

Mr. SAMPER. You are absolutely correct, Mr. Calvert. It is a very small endowment given the size of our annual operating budget, and one of the things we are trying to do is increase it substantially.

I just got the answer from my colleagues on your question on the 5-year trailing average. It was a 14 percent average.

Mr. CALVERT. That is a very good rate of return. So who manages your endowment account?

Mr. SAMPER. We have an investment office that we have set up, and we have an Investment Committee that is made up of some of the members of our Board of Regents.

Mr. CALVERT. So it is done in-house?

Mr. SAMPER. It is done in-house, and we are doing pretty well, but we still have a lot of work ahead, and we want to grow. We are beginning to design a national campaign, and one of our priorities is going to be to try to increase the size of the endowment.

Mr. CALVERT. You have a national campaign also, not just for large donations but small donations?

Mr. SAMPER. That will certainly be one of the components of the national campaign, and I am happy to say that we also get small donations right now from contributing members who receive "Smithsonian Magazine" and other benefits. So we have about two million people who currently contribute.

#### DONATION BOXES

Mr. CALVERT. And people have the opportunity to give when they come into any of the Smithsonian Museums, if they choose to do so?

Mr. SAMPER. This is a relatively new experiment; we have added contribution boxes in our various museums.

Mr. CALVERT. Do those monies go into the endowment, or does that go in the general—

Mr. SAMPER. That goes to support the programs in the individual museums. The amount that we are bringing in from the contribution boxes is relatively small, about \$200,000 a year.

Mr. CALVERT. Are the boxes just displayed where people could easily see them, or does anyone actually request a contribution?

Mr. SAMPER. Right now there are just boxes. No one is requesting a contribution, but we have been playing around with the design and location of these boxes. I can report that in the last 2 months we redesigned the boxes at the Natural History Museum.

We added a suggested contribution of \$5 and put them much more upfront, and I am happy to say that we saw a substantial increase in the number.

Mr. CALVERT. Do people, I do not even know if they are authorized to do this, do people ask for a contribution if you choose? I mean, in a polite manner as they come into the museum, if you choose to contribute, we have this box over here that you can contribute money to?

Mr. SAMPER. It is something we have not done. My guess is we could certainly encourage people to do this, but as you know, our general philosophy for the Smithsonian historically has been to have free admission.

Mr. CALVERT. I am not questioning that. I think that is important to maintain free admission, but those individuals and families that have the resources who may choose to do so, if they are given the opportunity, they do not probably, they do not see it or they do not know about it. I was going to ask the Chairman if he, whether or not there was ever any thought about promoting the idea of gifting to visitors who go into the various Smithsonian facilities to donate money if they choose to. If they do not choose to, they do not have to. I would think with, how many visitors did you have last year? Twenty-four million?

Mr. SAMPER. Twenty-four point six million visitors across—

Mr. CALVERT. You could probably have—

Mr. DICKS. The fee idea has been very controversial.

Mr. CALVERT. Well, I do not want a fee, Mr. Chairman, but just an ability to, for folks who attend the museum, maybe, of the various facilities may want to contribute money.

Mr. DICKS. Yes.

Mr. CALVERT. I mean, I go to museums all over the country. I like museums.

Mr. DICKS. Yes.

Mr. CALVERT. And I always contribute if asked, and if I choose not to, then I do not have to. But—

Mr. DICKS. Yes.

Mr. CALVERT. Thank you.

#### CHANGES IN SMITHSONIAN SENIOR LEADERSHIP

Mr. SAMPER. Thank you, Mr. Calvert.

Mr. DICKS. Well, I am going to ask a question or two, and then we will go to Mr. Peterson, let him get focused.

Let us talk about the reform process a little bit. Now, we all know about the departure of the Secretary and the Deputy Secretary. Can you review for the Committee the extent of any of other changes in the senior leadership of the Smithsonian?

Mr. SAMPER. Mr. Chairman, I do not think I have ever been in a job where we have had so much change in such a short period of time.

Mr. DICKS. Yes.

Mr. SAMPER. Of the top seven positions in the Smithsonian five have changed in the last year. In most of the cases I appointed acting people to these positions by design. Partly to allow the flexibility for the incoming Secretary to do this and partly because some

of the people I asked to step up to the plate wanted to know who they were going to be working for.

Now that Dr. Clough has been appointed, he has started having meetings, and we are looking at this right now. We have reorganized a couple areas as you know. When Deputy Secretary Sheila Burke departed, I decided to split the administrative and finance functions from the history and culture functions, which in my view is a much cleaner split than we had before. We were fortunate to have Alison McNally step in as the Acting Undersecretary for Finance and Administration and Richard Kurin to take on the History and Culture.

Ned Rifkin, who has been the Undersecretary for Art, will be departing the Smithsonian this Friday. I have decided to revert back to something we have tried in the past, which is to fold the art museums into the history and culture portfolio because many of these museums are the interface of both, so that portfolio is now moving under Dr. Kurin as well.

So there has been a lot of change. One of our priorities, now that Dr. Clough has been appointed, is making the appointments that he wishes for his team and stabilizing the leadership so we can move forward.

Mr. DICKS. Mr. Pastor.

#### STATUS OF THE NATIONAL ZOOLOGICAL PARK

Mr. PASTOR. Good morning. I just want to comment on Calvert's idea. Most of these museums, there are boxes that if someone wants to volunteer and add whatever contribution they want, they are there. Possibly they can highlight them more and suggest certain donations, but I support the idea of keeping the museum free because that is the tradition, and it should continue. Maybe what we ought to do is increase the funding from this Subcommittee, and it will really help them go a long ways.

So I think it was last year, probably 2 years ago, you were having problems up in the National Zoo with maintenance, care, health of the animals and then there were personnel changes. What is the status today?

Mr. SAMPER. Thank you, Mr. Pastor. I am happy to say that I think the Zoo has come a long way. We have appointed a new director at the Zoo in the last couple of years. His name is John Berry, and he is doing a terrific job leading the Zoo, and he has established his leadership team. I am very happy to say that we have a good team in place now.

We have also been taking on some of the critical Zoo issues like the fire safety. We appreciate the appropriation and support that we have received from this Committee to allow us to do it. You will see in the fiscal year 2009 appropriation request that there is a substantial increase in the funding. We are looking at about \$20 million of investment that would allow us to fix some of the old facilities that we have there but also keep addressing the fire safety issues.

We have made good progress.

Mr. DICKS. Fire safety is a very serious problem, is it not?

Mr. SAMPER. Absolutely. I think none of us want to see any major issues. Safety across the Smithsonian for our visitors and

our collections is at the top of our list. We have been able to deal with issues like the alcohol collections and getting them off to a better place, but clearly fire safety with the zoo with the live animals is a key issue.

Now, we have invested a lot, and I think we have made progress. This year we are investing about \$8 million in upgrading some of these. We still have about another \$9 million to go to get the fire safety (not including smoke evacuation systems) to where it should be. The \$9 million for fire safety is included in the fiscal year 2009 request.

We are exploring ways to see if we can actually move some of this forward this year, and I am happy to say that designs for the fire safety projects are moving along very well. If we have the funding or we can release some from the legacy fund, we would actually be able to award those contracts this fiscal year.

So I think we have come a long way. We have big plans for the Zoo, including the renovations. I do not know if you have had a chance to see the new Asia Trail, Mr. Pastor—

Mr. PASTOR. No, I have not.

Mr. SAMPER [continuing]. But I would encourage you to come and see it. It is very good, and we are now beginning to work on the—

Mr. PASTOR. When it warms up a little bit more.

Mr. SAMPER. Absolutely. But the pandas do like the cold weather.

Mr. PASTOR. I understand, but I am from Arizona and—I have seen in major zoos, well, I know that you have Corporate sponsors and sometimes bring collections to the art museums, you have sponsors, and you know, they are highlighted and given credit. But I have seen in major zoos where, when you want to rehab say the cheetah pen and make it more natural, that they allow a corporation basically to sponsor the renovation, and they are given credit, and obviously it is still under your control, but the corporation were the donors for that.

I do not think I have seen it in the National Zoo. Have you attempted that or thought about that?

Mr. SAMPER. Yes. We certainly have thought about it. We have tried it, and I am happy to say in some cases we have been successful. I think the best example is the support that we got from Fuji Film to support the panda habitat as part of Asia Trail, and they are recognized as the Fuji Panda Habitat. So it is a fine line as you say between recognizing the contribution but at the same time making sure you keep the control over the design of the exhibition. And that is what we try to do.

So we are continuing to explore corporate sponsorships as a possibility but doing them carefully.

#### SMITHSONIAN AFFILIATIONS

Mr. PASTOR. I think when we had the National Endowment of the Arts Director, one of the issues that he brought forth, and I agree with him, is that in our public school system art education is suffering tremendously and is getting pushed aside by the testing, standardization, achievement. Much to my disappointment, I have seen that the Smithsonian's activities or the affiliates, I

guess, we do not have one in Phoenix. We have Tuscan and smaller communities around Arizona that are affiliated with the Smithsonian, but I do not see major museums or facilities in Phoenix. And so we will work on that.

What does it take to become an affiliate?

Mr. SAMPER. Not that much, Mr. Pastor, and we can certainly explore Phoenix as a possibility. We are open to any museum anywhere in the country that wants to become an affiliate. We ask them to make a contribution, and then we host an annual affiliates meeting. The meeting is coming up in a few weeks and I will be happy to make sure you get invited. Harold Closter is the Director of this program, and if we have a lead or a contact from anyone in Phoenix, we could certainly explore that.

We are interested in expanding the representation of the affiliates program.

Mr. PASTOR. Going back to my question of art education and music education and schools, as the national advocate for the arts and culture, have you involved yourself at all in developing material or associating yourself with schools so that we do not lose the emphasis in art education in our public schools?

Mr. SAMPER. This is a very important issue. We are all concerned about the quality of education in our schools in arts and history and science as well. We have addressed education in two ways. The individual museums develop materials specifically tailored towards schools and to school groups. We are fortunate to host about 650,000 school students every year that come to the Smithsonian. Of course, that means those who can come to Washington.

Some of these materials are made available in the other ways. In the science areas we have developed in the last 20 years a very successful program called the National Sciences Resources Center, which is a partnership with the National Academy of Sciences, that is specifically designed to provide curriculum materials for schools that are being used right now in 20 percent of U.S. schools. We do not have a program that size in the arts or culture, but it is certainly something we are looking at.

I am also happy to report that we have now entered into an agreement with the Council of Chief State School Officers to specifically look for ways that we can collaborate with them, and one of the first steps we took was to develop a new website that ties the content in our website to the educational standards for each of the states. So it is a gateway. Any teacher, say in Arizona, can go through there and see what the materials are and how they tie in with the standards for Arizona.

Now, that is for the existing materials and clearly as we receive additional resources, we want to expand the offerings that we have on the Internet.

Mr. PASTOR. Do you offer a virtual tour through any of your museums?

Mr. SAMPER. We have through some of our exhibitions, not necessarily a full museum. Even for museums that do not have a building, we are starting to do virtual activities or exhibitions. A good example is the new National Museum of African-American History and Culture, where there will not be a building for another

8 years, but we are already developing exhibitions online in partnership with different institutions.

So we are certainly interested in expanding our presence on the web and the materials that we can give.

Mr. PASTOR. Thank you. Thank you, Mr. Chairman.

Mr. DICKS. Mr. Peterson.

#### SMITHSONIAN MEMBERSHIP PROGRAM

Mr. PETERSON. Yes. Welcome.

Mr. SAMPER. Thank you, Mr. Peterson.

Mr. PETERSON. I have just been intrigued, I was not going to talk about this, but I have been intrigued by the discussion of people giving. You know, I, people from my district, they just love the Smithsonian. I mean, that is one of their favorite places to go, and I guess I have been a retailer all my life and in public. I think you are missing a great opportunity, and I guess I would suggest you might establish friends of the Smithsonian, with a, you know, and so much money is raised today with just a card that you put your credit card number in, you sign it, you know, or check attached, you know, with an envelope.

If you have 26 million visitors, if 10 percent had a benevolent feeling in their heart, and they gave you \$10 a piece on an average, you bring in 26 million. If they gave you \$100, you bring in \$260 million. I mean, you are talking real money here, and then there is a lot of generous historians out there. I mean, people that have made a lot of money and love what they see and love this opportunity. I think you are missing a huge opportunity.

But it should not be a fee. It should be, I like this. I want more of it.

Mr. SAMPER. Yes.

Mr. PETERSON. Tax deduction.

Mr. SAMPER. It is a good point, and we actually have a membership program that we set up that is tied with our Smithsonian membership and our "Smithsonian Magazine." And it is one of the benefits that we have. We have about two million people who right now subscribe to the magazine and provide a donation, I think right now it is \$19 for new subscribers, and the good news is when you look at all that, we do get a net revenue from our magazine activities of about \$12 million every year that we use to support the mission directly.

In addition to that, there is one unit that has developed a friends program, the Friends of the National Zoo here locally.

Mr. PETERSON. Yes.

Mr. SAMPER. They have a program. I am a member, and I think many of us with small children in the District are members. We contribute, and that is also successful, but we can certainly expand this. As we gear up for a national campaign, I think the opportunity, which I see as you do, is to take this base membership of our visitors and try and get them to give additional contributions.

#### ENCYCLOPEDIA OF LIFE

Mr. PETERSON. Just friends of. It is like it is not an annual thing. I am just, this is today. And so when I visit, I come back 4 years later with my kids, and I pick up another card, and I mean, you



are going to have people that are going to write big checks. Do not underestimate it. I mean, people love to go to the Smithsonian. And they love their grandchildren to go to the Smithsonian. So I mean, I just think it has huge potential, but make it simple. Do not make it complicated.

You embarked some time back on an effort to digitize the Smithsonian collection so that the public can have access online. I also note that you have been given a very generous private gift from the McArthur and Sloan Foundation to digitize the collection of the Natural History Museum. I believe it is entitled, *Encyclopedia of Life*. Can you tell me how those efforts are proceeding?

Mr. SAMPER. Yes. We are making slow but steady progress in digitization. I think one of the great things of the Smithsonian is the collection, but the vast majority of that collection is behind the scenes and not necessarily available to people out there. So digitizing some of this collection is a top priority.

We have made progress in some of the natural history collections as you mentioned, digitizing what we call the type specimens, which are the original specimens used to describe a species. We also have a Smithsonian Photography Initiative that has allowed us to digitize some of our photographic collections. Although we are making some progress, it is an area where historically we have underinvested. I do see tremendous potential here in terms of getting more of our content out.

We put together a digitization group to study this and determine the priorities. We have their report and we have made some budget requests to try to see increases that focus specifically on digitization of the collections.

The *Encyclopedia of Life* is a project that happens to be close to my heart, because I am the principal investigator on that project. And as you point out, we were fortunate to get a total of \$25 million in support from two private foundations for the project. It will be tied to our collections, but the concept is relatively simple: create a web page for every known living species on the planet, 1.8 million pages. We have launched the prototype with the first 35,000 pages just a few weeks ago. It is up and running, and I think this will be a great opportunity to link the Smithsonian to school children across America, bringing our content to them.

One of the components is digitizing the libraries; we have almost one million volumes in our libraries with a lot of the original descriptions that are not easily available to people. So our goal is to digitize about 50 million pages of the literature and put them up for free on the Internet.

I am very inspired by this project, and we need to replicate it in other areas—in arts and culture—and I think that is where the future lies for the Smithsonian.

#### HISTORY OF ENERGY

Mr. PETERSON. One area I was surprised my last time there, of course, I have not seen it all, but we do not really have much on the history of energy, and you know, energy is the issue of the day. It is going to be the issue of the day for a long time to come, and I happen to come where the energy thing started. I was born a mile

from the first oil well in America, Drake Oil, so I guess the history of oil has always been intriguing to me.

But I was, you know, it changed America. It changed the world. Energy is, there is nothing, you know, the second thing probably is computers that has changed the world, but nothing changed the discovery of modern sources of energy.

Is there any plan to expand our energy history?

Mr. SAMPER. We certainly have some important collections at the American History Museum focusing on the area of energy, but I think it is the earlier history, not necessarily some of the recent history as you have mentioned.

Mr. PETERSON. Well, we should have it the complete history of how——

Mr. SAMPER. I think it is a good point. I am not aware of any short-term, immediate plans to focus on this, say, for an exhibition, but let me take that away as a suggestion. I will make sure I convey it to our Director of the Museum of American History.

Mr. PETERSON. It is certainly a time when some of the energy giants who are going to do very well for a long time in the future could be very big benefactors and could help us prepare. Today is the time I think. I mean——

Mr. SAMPER. Point well taken.

Mr. PETERSON. Thank you.

Mr. SAMPER. Thank you.

Mr. DICKS. Mr. Goode.

#### SMITHSONIAN STUDENT TRAVEL PROGRAM

Mr. GOODE. Thank you, Mr. Chairman, and thank you for being here, Mr. Samper.

Mr. SAMPER. Thank you, Congressman Goode.

Mr. GOODE. I know Congressman Moran touched upon this. Your, you have a license or a contract with a French firm. I believe it is called E. F.?

Mr. SAMPER. E. F. Travel.

Mr. GOODE. Yes.

Mr. SAMPER. Yes. This is a licensing deal that was entered into by Smithsonian Business Ventures. We covered this before. This company is registered in the United States as well and——

Mr. GOODE. But most of the owners of the company are not in the United States.

Mr. SAMPER. They have foreign interests, but they are registered in the United States, but, yes, we have that, and I was mentioning to Mr. Moran——

Mr. GOODE. How many people do you think E. F. Travel employs totally?

Mr. SAMPER. I do not know the answer to that, Mr. Goode, but I am happy to get that information to you.

Mr. GOODE. All right. Because I cannot tell you how much it rangles me for federal agencies just like, and I do not know who sent the passport work to some foreign country, but that really irritates me, too and it really irritates me when I see Smithsonian licenses its name to and E. F. Travel. If you are going to do that, my lands, why do you not pick a U.S. company?

Mr. SAMPER. I think we have heard your concerns and I was telling Mr. Moran, Mr. Goode, that we have just had a meeting in the last couple of weeks with about eight of the student travel organizations, American institutions. We are looking at their concerns, trying to make sure that we——

Mr. GOODE. But you have an agreement with E. F. They are able to stamp, Smithsonian” on their handbag carts. Am I not right?

Mr. SAMPER. They have a licensing deal that allows them to use the Smithsonian name in their marketing.

Mr. GOODE. No. I mean, E. F. does, but let us say one of the U.S. firms wanted to stamp Smithsonian across their brochure. You know, the first time I saw E. F.’s brochure, I thought it was a brochure you all put out.

Mr. SAMPER. Yes. You are correct. The way that that licensing deal was structured does give E. F. the exclusive use of that name for the period of time of that license. What they do not have is any——

Mr. GOODE. Do you think——

Mr. SAMPER [continuing]. Additional benefits.

Mr. GOODE [continuing]. China will give a U.S. company the right to stamp on its brochure, “Shanghai”? Probably not.

Mr. SAMPER. Probably not but I am not the person to answer this.

Mr. GOODE. Do you think that France is going to give a U.S. company the right to stamp on its brochures, “Eiffel Tower”? Send your dollars to one of the firms here in the U.S., and then we will get your students fixed up to tour the Eiffel Tower. Do you think they are going to do that?

Mr. SAMPER. Probably not.

Mr. GOODE. Probably not.

Mr. SAMPER. What I will say, Mr. Goode, is we have heard your concerns and that of other members, and we are looking at this. As I mentioned, we are now having meetings with the U.S.-based companies in student travel. We are trying to see what steps we can take within the parameters of this license to help them and certainly we will not be looking at entering into this agreement as a sole source going forward.

Mr. GOODE. Well, let me ask you this. Can you get E. F. Travel to stamp on their brochure, now, I have not looked at all of the details of the license agreement, to get them to stamp on it, E. F. Travel, under, where they have got, Smithsonian, they can drop on down there and say, this is a French company, not a U.S. company. I do not think that would be prohibited.

Mr. SAMPER. Probably not and we have in the conversations we have had with the U.S. student groups——

Mr. GOODE. Yes.

Mr. SAMPER [continuing]. There have been some suggestions about how to make sure that the materials clearly specify that this is not operated by the Smithsonian, but it is a license.

Mr. GOODE. Well——

Mr. SAMPER. We have some specific suggestions that have been put forward, and we are looking at them.

Mr. GOODE. All right. And do I have any time?

Mr. DICKS. Certainly. Go ahead.

## REOPENING OF THE NATIONAL MUSEUM OF AMERICAN HISTORY

Mr. GOODE. When is the American History Museum going to be up and running?

Mr. SAMPER. The current date that we are looking at, Mr. Goode, is November.

Mr. GOODE. Of this year?

Mr. SAMPER. Of this year. Yes. It did slide a few months from the original plans. Unfortunately, even though this is one of our more recent museums, it is 40 years old, and when we started going in there to open the central core, we ran into asbestos and lead paint, and that set us back a few months. But we are looking at November. It will be a great addition.

Mr. GOODE. I had a couple of citizens ask me why you did not do a floor at a time, but you answered it. If you have got lead paint and asbestos in there, you could not work on one floor at one time.

Mr. SAMPER. Correct. That was the challenge, and it was part of what was unexpected, but we are committed to reopening as fast as we can.

Mr. GOODE. All right.

Mr. SAMPER. And because we are aware of constituents and visitors who come to see some of the collections, we have taken 150 of the treasures of American history and put them on display at the National Air and Space Museum. So someone who comes here and wants to see the Lincoln top hat or some of the other historic collections can go there. So they are on display even—

Mr. GOODE. You mean the one right below the botanical garden?

Mr. SAMPER. Yes. Air and Space. So at least 150 of the iconic treasures are on display, because we are aware that when we get a visitor coming out from California or other places to Washington, they want to see them. We want to make sure they do not miss that opportunity.

Mr. GOODE. All right. Thank you, Mr. Chairman.

## ROBERT SULLIVAN ARTICLE—SMITHSONIAN EDUCATION PROGRAMS

Mr. DICKS. Robert Sullivan wrote an article in the outlook section of the "Washington Post" on Sunday, April 1, 2007, and in that he said, "Eliminating the education office was a critical management error."

Do you agree with that?

Mr. SAMPER. I do not think that closing that education office at Natural History as it was structured at that time was a critical management error. I came to that conclusion after a lot of review and thought over several years, including consultations with Mr. Sullivan, I might add. What I can tell you is that I made my decision so we could completely restructure and reorganize the way we tackled education. I am very happy to say that starting next Monday we will have an Assistant Director focusing on education and outreach at the National Museum of Natural History. And we are starting to rebuild this office the way it should have been handled before.

Certainly education is critical. I think it was being handled the wrong way.

Mr. DICKS. He goes on to say, "The next Secretary will have to take the Smithsonian's educational mandate seriously. The Smithsonian's collections, working scientists, and global research stations represent an untapped resource for improving science education on a national level at this time of urgent educational need. This immense potential has remained dormant under the current Smithsonian administration."

Do you see that changing?

Mr. SAMPER. It is beginning to change, but I fully agree that really harnessing the full power of the Smithsonian in terms of education is very important, and not only informal education with our visitors, which is what we have done. How can we connect our content with the schools—and the issues that we were discussing with Mr. Pastor. I have told Dr. Clough, the incoming Secretary, that taking a hard look at our education and the way we manage it has to be one of the priorities.

Mr. DICKS. He also goes on, and he mentions that he thinks that the website is underdeveloped. Do you agree with that?

Mr. SAMPER. Yes. I do, Mr. Chairman.

Mr. DICKS. And are we doing anything about that?

Mr. SAMPER. We are chiseling around the edges, and there are a few good areas, such as the Encyclopedia of Life, which is something important. We are fortunate to have 180 million web visitor sessions to our websites, but we have never seriously invested in our efforts in education and outreach through the Internet. This is a relatively new technology, as you know, which provides incredible opportunities, but we have focused so much in seeing the Smithsonian as a destination and an exhibition, that we have never made the same kind of investments in the web.

So I do believe that the web, where we have under invested, is an area that has tremendous potential for the Smithsonian. With your support and private donors, we will try new initiatives, like the Encyclopedia of Life.

Mr. DICKS. Dr. Clough does not have to be confirmed. Is that correct?

Mr. SAMPER. That is correct.

Mr. DICKS. So he will come in July?

Mr. SAMPER. He starts July 1.

#### REGENTS' OVERSIGHT

Mr. DICKS. The review of the Smithsonian conducted last spring and summer was highly critical of the Regents' level of oversight during the tenure of the last Secretary. Basically they said the Regents kind of were not there. How have the Regents dealt with this concern? I know they have been very active. I think they have done a good job of making the changes in the governance, but give me your evaluation. Does this still have to improve more?

Mr. SAMPER. I think we have come a long way, Mr. Chairman. Of course, my experience with the Regents is limited to the last 13 months.

Mr. DICKS. Yes.

Mr. SAMPER. What I can tell you is that we have a very engaged Board of Regents right now. I cannot speak to how they were 4 or 5 years ago, but certainly right now I think important changes

have been made: the appointment of a separate Chairman of the Board of Regents, the restructuring of the Regents' committees, the appointment of a new Regent like Mr. McCarter. I should add that I have been very impressed with the level of engagement of activity that we have had from the Congressional Regents.

Mr. DICKS. We certainly feel that up here.

Mr. SAMPER [continuing]. It has been very important for us, and I can tell you that those members, those three members from the House who sit on the Board of Regents, are certainly expressing many of these concerns there at the table. They are not just—

Mr. DICKS. Yes.

Mr. SAMPER [continuing]. Relaying information here. They are taking views from the Hill to the Regents.

Mr. DICKS. In evaluating the idea of having the Vice-President and the Chief Justice as Regents, just because those jobs are so immense, is that still appropriate, do you think?

Mr. SAMPER. Conceptually it made a lot of sense in that when the Smithsonian was created in 1846, the idea was to have representation from the three branches of government, and I think that still holds true. I have personally been very impressed with the level of engagement and thoughtfulness of the Chief Justice, I have been meeting with him pretty much every other month for the last year, talking about these issues, and he is very engaged. And in my view he brings a longer-term perspective to these issues, and I find his contributions valuable. He is certainly a very busy man, and I think that is why the creation of a position of the Chairman separate from the Chancellor was a very important step forward, and I think it is beginning to work.

Mr. DICKS. What is that supposed to do for us?

Mr. SAMPER. The oversight and the interaction on a day-to-day basis in the management of the Smithsonian is something that could not be there. As you point out, the Chief Justice is very busy with other duties—

Mr. DICKS. Right.

Mr. SAMPER [continuing]. And responsibilities, and even if I see him every other month, there are questions that as Acting Secretary I have on almost a daily basis that I want to discuss. Now with the appointment of a Chairman of the Board, Mr. Roger Sant, I am in contact with him two or three times a week about critical issues. So the level of oversight and engagement is better.

Mr. DICKS. How are the Secretary and Mr. Sant supposed to interact together? How does that work? Is it like a team, a partnership, a CEO and a Chief Executive Officer?

Mr. SAMPER. In my view it is a partnership, but I think it is very important to keep a very clear distinction between the governing Board and the management. A natural response when we go through a time of crisis, you tend to overcompensate. I have been very candid with the Board of Regents where I think in some areas they have overstepped their mandate into the management, and I think we have to find that balance going forward. In some areas we are there, and in others we still have to find that right balance.

## PROCEEDINGS OF THE BOARD OF REGENTS

Mr. DICKS. And one other, the Regents agreed to conduct their proceedings in a more transparent fashion. Can you tell us about efforts to increase transparency and governance in general and about the commitment to open meetings in general?

Mr. SAMPER. Yes. I think the proceedings of the Board of Regents were something that has not been clear or open to people outside or even inside the Smithsonian. We have taken steps to improve this. One step that has been taken is to post the minutes of the meetings of the Board of Regents. The minutes are now publicly available on a website that we have created for the Board of Regents. If you had gone on our website a year and a half ago, you would have had a hard time finding any of this information.

Mr. DICKS. Now, we have a question on that. Apparently the January meeting of the Regents has not appeared.

Mr. SAMPER. I believe that is correct because they have not approved the minutes. They will approve them at their May 5 meeting. As soon as they approve the minutes of the meeting, they will post them, and that will happen in May.

Mr. DICKS. But if it is months later, I think there ought to be some way to fix that. I think that is too long a period of time. I mean, maybe Mr. Sant can review it on—behalf of the Regents and approve it being put on the website. I think 5, 6 months makes it look like it is not transparent.

Mr. SAMPER. I take your point. I will be happy to convey your point of view to Mr. Sant. It will not be 5 or 6 months because, as you know, the Board of Regents is now going to start meeting or has started meeting quarterly.

Mr. DICKS. And also the agenda for the May meeting has not been posted either.

Mr. SAMPER. Probably not. The Executive Committee of the Board of Regents which approves that agenda is meeting on the 24th. As soon as they meet, the agenda will be made public.

On the other issue that you mentioned, the Regents have made a commitment to hold a public meeting every year as a way to share the proceedings and also to solicit input. And last year the Board of Regents held a public forum that focused specifically around the topic of the search for the Secretary to discuss the profile and the characteristics and solicit comments. I think that was a step in the right direction, and they are currently planning at some point this fall, once Dr. Clough is on board as the permanent Secretary, to have one of their meetings in public, either in September or November.

Mr. DICKS. Yes. We were concerned about that because we had not seen it on the calendar.

Mr. SAMPER. They decided to wait to make sure Dr. Clough as the permanent Secretary is on board. They are still discussing the date.

## SMITHSONIAN UNIFIED COMPENSATION AND LEAVE SYSTEM

Mr. DICKS. One of the most serious concerns last year related to the significant number of Smithsonian employees being paid far in excess of other government-funded employees. In response, the Re-

gents adopted a unified compensation and leave system for the Smithsonian with pay more in line with the federal pay scale.

Can you explain how this system will work and how current employees with salaries above the level will be treated?

Mr. SAMPER. Yes, Mr. Chairman. This is one of the key governance reforms, and we spent a lot of time at the end of last year working on this issue. The Regents did, indeed, develop what we call the unified compensation approach, where we established that there were two criteria to be used in classifying any position for a senior manager at the Smithsonian. The main test is whether this job has an equivalent in the Federal government, and the second is whether there is a substantial number of candidates that would be available from a federal pool.

We then reviewed all the senior executive positions across the entire Smithsonian and we classified the positions into two groups. A few positions are what we call market-based positions, which clearly do not have an equivalent or a function in the Federal government, and the others fell into the federal-equivalent category.

Following that review of the top positions in the Smithsonian, we determined there are a total of 66 positions that we consider should be market-based, 51 of which have incumbents with salaries above the Federal senior level pay cap. That includes primarily the Secretary, Under Secretaries, and the Directors of the museums, which have substantial fundraising components and where there is significant competition from other museums that are privately run. And we categorized 38 positions that we will now consider to be federal equivalents. For those positions, because in some cases there are incumbents who have salaries above the senior level salary for the Federal government, the Board of Regents determined that there is a 5-year transition period with grandfathering so that those people who came in with a contract will not necessarily see an automatic cut. We want to honor the contracts they had, but over a period of 5 years, and if any of those people leave and are replaced, we would advertise within the new market, in this case using a federal-equivalent compensation approach.

So we are implementing——

Mr. DICKS [continuing]. Any impact on——

Mr. SAMPER. We are beginning to see it. I think we will be losing some of our employees, people who had an expectation of a career path with salaries that were substantially higher than the federal pay cap. There is one case that I am aware of at this point where one of these employees, our Chief Technology Officer, has actually indicated he intends to leave the Smithsonian because of this change in compensation.

Mr. PASTOR. Mr. Chairman.

Mr. DICKS. Yes.

Mr. PASTOR. It is all in the January minutes.

Mr. DICKS. It is in the January minutes. Okay.

#### MANAGEMENT OF EXPENDITURES

There have been recent reports about the use of Smithsonian funds to pay for high-cost travel and inappropriate use of funds for purchase of personal portraits. What changes have been put in



place to more aggressively manage these type of potentially controversial expenditures?

Mr. SAMPER. Very soon after I took over, we issued some interim guidelines. We are now following the Federal Travel Regulations for all of our employees, whether they are federal or trust employees. We are making sure that there are the right procedures and approval levels for this.

I am happy to say that we have now conducted a comprehensive review of our top 60 employees around the Institution, and the case that you referred to was clearly an anomaly. Most of the Directors of the Museums are using the funds wisely. My own experience as a Director of a Museum is I have to raise the money that I use for travel, so I tend to use it very wisely.

In terms of some of the contracts for, say, the portrait that you are talking about, we are making sure that we follow the best practices and procedures, and we are about to issue a new contracting policy, which will be reviewed in May for the Regents' meeting. I think that will help close any loopholes. But I am happy to say that these are exceptions and not in any way widespread.

Mr. DICKS. Mr. Tiahrt.

Mr. TIAHRT. Mr. Chairman, I think I will just review January's notes. I do not have any more questions, Mr. Chairman. Thank you.

I would like to say, though, that I think that Secretary Samper has done a very good job in coming into this position and filling some big shoes, and I think it is a tough job, and you have done very well, and I am glad you are staying on with the Smithsonian. I would just like to reflect that in the record.

Mr. SAMPER. Thank you very much, Mr. Tiahrt.

Mr. DICKS. I concur with that. I think that you are absolutely right.

Mr. SAMPER. I look forward to returning to my position as Director of the Natural History Museum.

Mr. PASTOR. More regular hours probably.

Mr. SAMPER. I will have a few more nights with my family and my 2-year-old daughter, which is something I will welcome.

#### STATUS OF THE NATIONAL MUSEUM OF AFRICAN AMERICAN HISTORY AND CULTURE

Mr. DICKS. Can you update the Committee briefly on the status of the planning for the African American Museum, in particular the status of the fundraising effort?

Mr. SAMPER. Yes. The National Museum of African American History and Culture is at the early stages of design. We are currently doing the scoping document and designing the parameters of the museum, what the main program will be. This is key in terms of using these plans as an input for the actual design of the building.

I am happy to say that some of the fundraising activities have begun. Most of the members of the Council who were appointed have made generous contributions, and we have a nucleus fund that is being used to support some of these activities.

Clearly, the major fundraising phase of this museum will not start until we actually have something to put in front of people in

terms of the design of the facility. Our commitment, as we were directed in the legislation, is to go out and raise half of the funds for construction. The whole project will require us to raise about \$250 million over the next 5 years, and we are hopeful that with the very able Director that we have in Mr. Lonnie Bunch and some of the members of the Council, we can take up this challenge.

Mr. DICKS. Anyone want to ask any further questions?

Mr. Goode.

#### FEDERAL CREDIT CARDS AT THE SMITHSONIAN

Mr. GOODE. Thank you, Mr. Chairman.

Let me ask you this, with the Smithsonian, how many persons have credit cards issued by the Federal government that work for the Smithsonian?

Mr. SAMPER. Let me turn around to my support team here. I do not know the answer off the top of my head. My guess is several hundred if you are including travel cards and purchase cards. I will be happy to get that information for you.

Mr. GOODE. My experience has been if they have to pay for it themselves first and get reimbursed, a lot of times, it is easier to spend with a credit card than to get reimbursed.

Mr. SAMPER. I think you are correct, and I can tell you my own experience as someone that holds a travel card from the Smithsonian, that I pay the bill when it comes, and then I get my reimbursement.

Mr. GOODE. All right. Well——

Mr. SAMPER. So I think we have got that in place.

Mr. GOODE. As someone who could get a credit card from a Federal government, I do not have one and no one in my office has one. [The information follows:]

#### NUMBER OF CREDIT CARDS ISSUED TO SMITHSONIAN STAFF

As of April 2008, the Smithsonian Institution has issued 2,753 Travel Cards and 728 Purchase Cards.

#### DEACCESSIONING SMITHSONIAN COLLECTIONS

But let me jump to another area. I read several years ago that the Smithsonian, and this may have been 25, 30, years ago, that in some areas you had so much in the way of collections that you just burned up things or sunk them in the Potomac. Is there any truth to that?

Mr. SAMPER. Not that I am aware of, but we have been around for 160 years. Certainly not in the recent past. We do de-accession collections but certainly in the collections I have seen——

Mr. GOODE. When you do that, do you sell them, or do you destroy them or——

Mr. SAMPER. Usually it depends on the collection but in my experience as Director of the Natural History Museum, what we tend to do, if the collection has scientific value or educational value, is to give it to other museums. So we look for regional museums and give them some of these collections that are no longer of use to us. There are cases where there may be some specimens that may not have the right information or may not be useful for that purpose. In some cases we will destroy some specimens. But it tends to be

a handful—I think the majority of it are loans and exchanges, which is the way that we do this. And there are some cases I am aware of in art or other areas where we may work with an artist, take one piece and give it back to an artist in exchange for another piece that will enhance the diversity of our collections.

Mr. GOODE. Our college, the University of Virginia law library, and this was, again, many years ago, they would get collections of books, and they eventually got overrun with books, so they threw some of the old books in the dumpster or destroyed the books.

And I know sometimes with collections, I do not know, maybe it is not too much with you, you have to, you want one or two items out of a collection that enhances the Smithsonian's treasures, but you do not want the whole thing, but the person wants you to take the whole thing, and if you do not take the whole thing, you may not get the few you want.

Now, that may not be the usual situation, but that can be, and on those do you destroy, do you sell them on eBay, or do you just give them to somebody that—

Mr. SAMPER. There are some cases like the ones you mentioned where there may be a large collection where there are just a few items that are of interest to us.

Mr. GOODE. Right.

Mr. SAMPER. I think in general, at least my experience has been that we try and just get that part of the collection. If we cannot, we will often turn around and give the rest of the collection usually to a regional museum. At least that has been the practice in our natural history collections.

I am certainly not keen on putting any collections in the dumpster if I feel they have value for anyone else to use, either scientific or educational. I think that is the standard practice, and we are looking at a couple of cases right now. For example, the Postal Museum, which is a wonderful collection of stamps, is actually missing, if I recall correctly, I think two stamps for a complete set, and there is a collection that has been offered, if we find the right donors, that would actually allow us to have those two stamps. It is an interesting example.

#### SMITHSONIAN STAMP COLLECTION

Mr. GOODE. Do you have the two Z Grill stamps? You know, that is probably the rarest.

Mr. SAMPER. Richard, do you know?

Mr. KURIN. I do not know about that. I know we have two inverted Jennys.

Mr. GOODE. You have two of them?

Mr. SAMPER. Yes. We have those.

Mr. GOODE. But the Z Grill I think from 1873, was probably—you had it on display over there. You had it.

Mr. DICKS. What is the Z Grill?

Mr. GOODE. It is a grill that is long, bigger than the usual grill that was on the stamps. The grill was only on the stamps in about the 1870s. It would soak up ink so they could not erase it and reuse the stamp.

Mr. SAMPER. I did not know that. That is certainly far from my expertise, but one of the things I have learned is I know who to ask, and I can certainly ask that question, Mr. Goode.

Mr. GOODE. Joe Pitts can really tell you.

Mr. SAMPER. Thank you.

Mr. DICKS. Mr. Pastor.

#### LOCATION SELECTION FOR NEW MUSEUMS

Mr. PASTOR. The question I had is we talked about the African-American Museum, and there is going to be a Latino Museum proposed. And I love museums. I guess we will come to the Energy Museum.

What, the locations, I am assuming people are going to want them on the Mall, and there is some limitations. So how is it that you work out these locations and—

Mr. DICKS. Carefully.

Mr. PASTOR. I know it is carefully but I just, you know, what process?

Mr. SAMPER. Well, this is a serious issue you point out. Let me take the example of the National Museum of African-American History and Culture. The legislation that authorized us to move forward with this actually identified four possible locations. The Commission that was established to study this and the Advisory Council weighed the pros and cons of these various locations. The Arts and Industries Building was one of the possibilities. There was a site that belonged to the National Park Service, which is between American History and the Washington Monument, which ended up being the preferred location. There was another one across from the Botanic Garden, and there was another one that was close to the river off the Mall.

And I think you point out correctly that everyone wants a museum on the Mall, and there are not many sites. I think as we are engaging in this discussion about the future of the Mall and what we want to do here, there are going to be limited options, and we will have to look for alternatives. It is one of the big issues that any future museums will need to be examining, and monuments as well, because there is no doubt that we are running out of space.

Mr. PASTOR. I do not know if there is such a body that looks at the Mall, what is currently there and has future predictions, and I guess if there is one, do you have a seat on that body?

Mr. SAMPER. There is certainly a lot of interest in this, the National Park Service is currently holding sessions and looking at options for the future. We consult with them regularly, and there are also non-profit groups that are interested as well, a group called the Mall Conservancy and also NCPC, the National Capitol Planning Commission.

Mr. PASTOR. But who has the main jurisdiction to determine—

Mr. SAMPER. The National Park Service.

Mr. PASTOR. The National Park Service.

Mr. SAMPER. Yes.

Mr. PASTOR. Thank you, Mr. Chairman.

## ROBERT SULLIVAN ARTICLE—PUBLIC INTEREST IN NEW MUSEUMS

Mr. DICKS. Let me ask you. Going back to this Sullivan article again, he says here, "Consider these recent failures. The inflated attendance and income projections used to justify the Steven F. Udvar-Hazy Center, the National Air and Space Museum companion facility near Dulles, were woefully optimistic, and the resulting income shortfall has become a financial strain on the Smithsonian. The confusing light-on-content exhibits of the National Museum of the American Indian, have failed to sustain public interest. Attendance has sunk by 50 percent since the museum opened in 2004."

I mean, are you concerned that here we are with these two major projects that have not in essence lived up to expectations? And what can we do about that?

Mr. SAMPER. We are looking at them, but in my view I think both the American Indian Museum and the Udvar-Hazy Center have been successful museums. They can still be improved.

Mr. DICKS. But the attendance has not been what you would like.

Mr. SAMPER. Well, it depends on some of the projections. Take the case of Udvar-Hazy. Some of the projections that were looked at assumed that there was going to be Metrorail out to Dulles Airport.

Mr. DICKS. Yes.

Mr. SAMPER. And that is a major assumption that did not happen. Udvar-Hazy is taking a million visitors a year right now, and even though it may not have been everything we wanted, still makes it one of the most visited museums in the world, certainly in the United States. So I think that is non-trivial.

There is no doubt that the attendance will increase if Metro is built out there. Both General Dailey and the advisory board of the museum have taken steps with the airport authority to look at new signs and new advertisements to drive more traffic there.

The American Indian Museum is also doing well. The drop off after you open any new museum is inevitable. We always see it.

Mr. DICKS. Yes.

Mr. SAMPER. There is a novelty effect. There have been legitimate concerns and different points of view about the way you present some of these exhibitions, and I think that is part of what makes curatorial work so important. The new Director of the American Indian Museum, who I appointed, Kevin Gover, is aware of some of these concerns, and he is currently beginning a process to look at the way some of the exhibitions are done, and he recognizes that increasing attendance is one of his priorities.

## USE OF ENDOWMENT FOR REPAIRS

Mr. DICKS. According to figures given to the Committee last week, the Smithsonian endowment increased \$156 million last year to a total of just under a billion. Unrestricted endowment balances rose \$41 million to just under \$400 million.

If the facility backlog is so serious, why shouldn't a significant amount of the endowment go toward these repairs?

Mr. SAMPER. It is certainly one of the options that the Regents have been considering, either doing a one-time payment or increas-

ing the payout. The concern is the long-term viability of the endowment. As we have seen in the last few weeks part of the reason you want a lower payout is to make sure that it protects you in the downtimes.

Mr. DICKS. Yes.

Mr. SAMPER. And that is what we are looking at. We have seen the value of—

Mr. DICKS. Because the market goes up and down.

Mr. SAMPER [continuing]. Our endowment dip by tens of millions of dollars in the last few weeks, but we are in this for the long term.

The challenge is, as you pointed out correctly, the majority of that endowment is restricted gifts for particular museums or activities. There is a portion that is unrestricted. The challenge is that that unrestricted income is used to cover some of the key salaries, for example, the Museum Director salaries. If we were to move that toward the facilities, we could certainly examine that. The question is how are we going to cover the shortfall for the other activities?

Having worked and struggled this year in looking at some of the activities in the central trust budget, and even trying to free up \$1 million to support what we call the Scholarly Studies Program, I could tell you that was a major piece of work.

We need to look at it because these are legitimate costs that the Smithsonian will have, and if we move some funds to one category, we have to find alternatives for the others.

Mr. DICKS. Any further questions?

Mr. Pastor.

#### LOANED ARTIFACTS

Mr. PASTOR. I want to congratulate you on this beautiful carving. I got a chance to see it. It is a beautiful carving, and I know on occasion museums and art museums will lend to governmental units—

Mr. DICKS. That is the case here. This is from the Bureau of Indian Affairs.

Mr. PASTOR. It is a beautiful piece. Maybe either the east wing or the west wing of the Art Museum could give you a couple of Pollocks or—

Mr. DICKS. We will work on that. Mike Stephens is in charge of the art.

Mr. PASTOR. Okay.

Mr. SAMPER. Just let me mention, Mr. Pastor, that we do actually loan some of our collections. The National Gallery does not do it, but we will and have loaned some of these pieces.

Mr. DICKS. We could have a few of these invasives here, too.

Mr. SAMPER. We hope we can keep them in the case, Mr. Chairman, and dead. These are the ones we want dead. I do want to mention several of my colleagues who work with collections are here. So if any of you have a few minutes, I think hearing about these objects from our specialists is something that, as you know, I believe in very strongly.

Mr. DICKS. Yes.

Mr. SAMPER. It is the specialists who make the objects in the collections come alive, so if you have 5 minutes, please take a look. This does not happen every day. So thank you.

Mr. TIAHRT. Is the Tucker automobile on loan capability? Can you get that?

Mr. DICKS. Okay. We are going to have one outside witness to testify, and then we will do it. Why don't we do it like that? Is that all right?

Mr. SAMPER. Fine. Yes, Mr. Chairman.

#### OUTSIDE WITNESS

Mr. DICKS. All right. Thank you. And we are going to call up our former colleague, Tony Beilenson, who had requested a chance to testify as an outside witness. We could not work out the schedule for the other day, but he is here today, and I wanted to give him a chance to make a brief statement.

Tony, nice of you to be here. Yes.

Mr. BEILENSEN. It is kind of you, Mr. Chairman.

Mr. DICKS. Yes.

Mr. BEILENSEN. I do not want to intrude, but I care greatly about the Smithsonian as my former colleagues know. I have had the privilege the last 12½ years of serving on the Board of Commissioners in Curley as the Vice-Chairman of the Board of Commissioners of the National Portrait Gallery, which is a small but wonderful unit of the Smithsonian and is part of that redoing of the Patent Office Building, which was alluded to earlier, and it is just, it is a magnificent place for those of you who have not had the chance to visit it since it reopened back in June or July. I urge you to go there.

I just wanted, this will not take more than a minute, Mr. Chairman, but I wanted to put in a good word in general for the Smithsonian, most especially for the Regents, whom I guess are not here today, include as, again, you have alluded to, several distinguished colleagues of your own.

I think the Board of Regents as it is currently constituted and as is currently acting, deserves an enormous amount of credit, starting with the wise and inspired choice as Acting Secretary of Dr. Samper, who has more than fulfilled any reasonable expectations and hopes of outstanding service in that capacity. And I must say I think it is—

Mr. DICKS. We agree with you on that.

Mr. BEILENSEN [continuing]. Impossible, you cannot believe what this gentleman has done in the past year or so. It is impossible to say enough about the wonderful job that he has done.

But I think also with respect to the Regents, who are a totally different group of folks, not different human beings but in terms of how they are acting, than they were a year ago because all of a sudden they have had these huge responsibilities which they had thrown upon them and have accepted, have been able to accept for the first time because, quite frankly, they were kept away from everything by the prior Secretary. They were not allowed, they did not know what was going on. It really was not their fault.

Quite heroically I think they faced up to the responsibilities and the needs of the Smithsonian and instead of taking the easy way

out, which a lot of people encouraged them to do, quite frankly, and walking away from a shipwreck that was largely not their fault nor of their making, these very few men and women stayed on and with great energy and an enormous amount of very hard work, have turned that institution around in the very short time of less than 1 year by undertaking and putting into place the many reforms and changes that were testified about today in which you gentlemen already knew about. So that the Smithsonian is now internally stronger and in much better and healthier shape than it has been certainly in the more than 12 years since I have been associated in my little way with it. It is a totally different institution. It is open, the morale is ten times, maybe 40 times better than it was under Secretary Small. The various Directors of the museums meet with the Acting Secretary all the time and with one another, as they did not use to, the Acting Secretary has met with all of these outside groups and involved hundreds, I suppose thousands of people in the workings and in the raising of money for the museum, which never went on before. It is a totally different creature than it was just a year or so ago, due both to Dr. Samper and the very hard work of the Regents as they are now constituted.

Finally, I just wanted to say, and you do not need to be told this, of course, that it is essential to acknowledge these important changes in order to greet the incoming Secretary, and quite frankly, I must say I am sorry it is not Dr. Samper. He should have been the choice but apparently this other fellow is a very good guy, and we all hope so. To greet the incoming Secretary with the support and encouragement which he and the Smithsonian deserves since he is first coming onto this thing.

I mean, put aside the fact that there was disaster at the Smithsonian a year and more ago and look at it as a new institution with new leadership and give him all the possible support that you can, because we never can forget, and I know that you folks never do either, we always have to remind ourselves that we are discussing something here which is much larger and more important than the particular individuals who are involved in running it or in being responsible for it but rather the great institution itself and what it means and stands for to the millions of Americans who cherish it and who come to visit it every year.

And I thank you very much for allowing me to come in here.

Mr. DICKS. We have outside witnesses.

Mr. BEILENSEN. I am not outside. I am a member.

Mr. DICKS. Well, I know, but you are a former member.

Mr. BEILENSEN. Former member.

Mr. DICKS. So, therefore, you are an outside witness.

Mr. BEILENSEN. The Chairman and I were both elected 100 years ago. Some of you may have——

Mr. DICKS. We were in the same class.

Mr. BEILENSEN. Thank you, sir.

#### OUTSIDE WITNESS

Mr. DICKS. Todd, anyone else want——

Mr. TIAHRT. I just want to say, Mr. Chairman, that I appreciate Tony coming forward and sharing that with us, because we do not have that inside perspective of what has been going on in the Insti-



tution. We just have the hearing process and to hear that the morale is up I think is significant.

Mr. BEILENSEN. It is a totally different place——

Mr. TIAHRT. And the fact that this is different——

Mr. BEILENSEN [continuing]. Because of this guy.

Mr. TIAHRT [continuing]. Is very encouraging to me, and I just want to thank you for your testimony.

Mr. DICKS. Well, we completely agree with what you have just said.

Mr. BEILENSEN. I know you do.

Mr. DICKS. And we appreciate your being on the Advisory Group and working on this and caring about it, which is very important. It is a national treasure, and we are concerned. I agree with you. I think it has been turned around. I think there is still a lot of work to do. We do not have the resources. I mean, this is one of our major problems——

Mr. BEILENSEN. Of course.

Mr. DICKS [continuing]. You know. Our Committee this year is cut a billion dollars below last year's level in the Presidents request. You know, so we do not have, if we had all the money in the world, we could start really addressing the backlog and the maintenance and all the other things that have to be done, and the need for new exhibits and new facilities and better educational programs. I mean, all these things need to be done, but this is the most generous budget for the Smithsonian of any entity before this Committee.

Mr. BEILENSEN. Five percent.

Mr. DICKS. Five percent. Everybody else is a freeze or freeze minus. And, you know, we should have also gotten a \$600 million adjustment just to meet the current services baseline. So actually we are \$1.6 billion below last year's level. And the whole focus of deficit reduction is on domestic discretionary spending programs.

Mr. BEILENSEN. I understand, Mr. Chairman.

Mr. DICKS. I just want you to know that we want to do more. In fact, last year when we got a good allocation, we did more, but at the end of the day, the President said, if you want your bill signed, you have to reduce it, so we had to take it back down. Actually, the Smithsonian came out very, very well in that process, and your colleague from California, Senator Feinstein, who is our counterpart, she was very strong and supportive of the Smithsonian.

Mr. BEILENSEN. That is good.

Mr. DICKS. The money came out right.

Mr. BEILENSEN. That is because you were there, Mr. Chairman.

Mr. DICKS. Well, we did our part.

Mr. BEILENSEN. Right.

Mr. DICKS. Okay.

Mr. BEILENSEN. You certainly did, and everyone at the Smithsonian appreciates it.

Mr. DICKS. Well, thank you.

Mr. BEILENSEN. Thank you very much.

Mr. DICKS. Thank you very much.

Mr. BEILENSEN. Okay.

Mr. DICKS. All right. Why don't we end the hearing, and we will talk about the exhibits.

**Questions for the Record**  
**Questions from Chairman Norm Dicks**  
**Smithsonian Institution -Acting Secretary, Dr. Cristián Samper**  
**Hearing Date: April 9, 2008**

#### **TWENTY- YEAR APPROPRIATION HISTORY**

**Dicks Question 1.** Dr. Samper, please include in the record at this point a set of 20 year budget tables showing appropriations for the Smithsonian as a whole and for each of your major appropriation accounts. Please show both nominal dollars and inflation adjusted amounts.

**Answer.** Over the last 20 years, Smithsonian appropriations have grown from \$245.9 million to \$716.4 million. Of this \$470.5 million of growth, \$312.8 million was caused by inflation. The program growth largely resulted from the building of the NMAI Mall Museum and the Udvar-Hazy Center, as well as increased security following September 11th, the Zoo Farm, formation of the Fellowships Program, and the formation of the National Museum of African American History and Culture.

The following table shows Smithsonian appropriations from FY 1989 through FY 2009, in both nominal and inflation-adjusted dollars.

**Smithsonian Institution Federal Appropriation History**  
(\$ in Millions)

**Appropriations in Nominal Dollars**

	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 Request
<b>Appropriation Account</b>																					
Salaries & Expenses	211.2	225.5	272.9	281.2	281.2	302.3	313.3	310.6	318.5	333.4	351.4	371.2	386.9	421.0	480.2	488.7	489.0	516.6	536.3	562.4	588.4
Repair, Restoration and Alterations of Facilities	5.3	6.4	6.6	7.9	7.8	5.4	3.0	3.3	3.9	3.9	4.4	4.9	57.5	67.9	82.9	-	-	-	-	-	-
Construction & Improvements, Zoo	8.7	8.3	15.4	19.2	16.7	10.4	21.9	27.7	10.0	33.0	16.0	19.0	9.5	30.0	15.9	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legacy Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Appropriations</b>	<b>245.9</b>	<b>266.7</b>	<b>326.1</b>	<b>331.9</b>	<b>329.9</b>	<b>342.1</b>	<b>362.2</b>	<b>375.6</b>	<b>371.4</b>	<b>402.3</b>	<b>411.8</b>	<b>438.1</b>	<b>453.9</b>	<b>518.9</b>	<b>559.0</b>	<b>596.4</b>	<b>615.1</b>	<b>615.1</b>	<b>634.9</b>	<b>662.6</b>	<b>716.4</b>

**Appropriations in 1989 dollars**

	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 Request
<b>Appropriation Account</b>																					
Salaries & Expenses	211.2	213.9	248.5	248.6	241.3	252.9	254.9	245.4	246.0	253.4	261.3	267.0	270.7	289.9	309.8	320.3	310.0	317.3	320.5	328.2	335.3
Repair, Restoration and Alterations of Facilities	20.7	25.8	28.8	21.8	21.4	20.5	20.2	27.9	30.9	24.9	30.5	35.5	41.9	47.9	57.1	-	-	-	-	-	-
Construction & Improvements, Zoo	5.3	6.2	6.3	7.3	6.9	4.6	2.5	2.7	3.1	3.0	3.4	-	-	-	-	-	-	-	-	-	-
Construction	8.7	8.1	14.7	17.8	14.8	8.9	18.5	22.7	7.9	25.7	12.2	14.1	6.9	21.2	11.0	-	-	-	-	-	-
Facilities Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legacy Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Appropriations</b>	<b>245.9</b>	<b>254.0</b>	<b>299.3</b>	<b>295.5</b>	<b>284.4</b>	<b>286.9</b>	<b>296.1</b>	<b>298.7</b>	<b>287.9</b>	<b>307.0</b>	<b>307.4</b>	<b>316.6</b>	<b>319.5</b>	<b>359.0</b>	<b>377.9</b>	<b>390.2</b>	<b>388.2</b>	<b>375.9</b>	<b>377.6</b>	<b>395.1</b>	<b>403.6</b>

### SMITHSONIAN UNIFIED COMPENSATION AND LEAVE SYSTEM

**Dicks Question 2.** We understand that 66 positions will continue to be exempt from the unified pay system, including the heads of most museums. As we understand the system, this is based on lack of comparable positions in the federal structure. Why are these positions different than the heads of the Institutes at the National Institutes of Health or the heads of science directorates at the National Science Foundation or NASA?

**Answer.** The Institution's compensation contractor, PricewaterhouseCoopers, conducted a position-by-position review of all Trust executive positions to determine the appropriate compensation approach. Two criteria were used to determine the proper compensation approach. The first criterion is whether the position is in a job family that exists in a significant way in the Federal system, and the second is whether a bona fide candidate pool for the position exists in the Federal system.

For museum directors, the responsibility for attracting private donations to their museum is central to or a major component of their jobs, as it is for any museum director outside the government. Directors have fundraising goals which are also included in their appointment letters as well as subsequent performance evaluations. The skill sets for identifying, engaging, soliticiting and stewarding individual, corporation and foundation donors and overseeing a fundraising department which supports them, are very different from those needed in the Federal sector. For example, the ability to develop personal relationships is fundamental in gaining the trust and engagement of donors. Such relationships are generally discouraged and, in some cases, explicitly forbidden in the Federal sector.

### COMMERCIAL PARTNERSHIPS

**Dicks Question 3.** Dr. Samper, I don't know any issue during the previous Secretary's tenure that caused more consternation than a series of actions which many of us thought commercialized the Institution. These include sale or rental of naming rights for parts of museums to private Corporations such as the Lockheed-Martin Theater and exclusive licensing of access to the Smithsonian for commercial film makers, the so-called Showtime deal. What can you tell us about the approach of the Regents to this type of commercial partnership in the future?

**Answer.** The Smithsonian policies require that the Board of Regents approve all sponsorship activities and the naming recognition given to donors through its programs, exhibitions and facilities. In addition every gift is accepted with the stated understanding that the Smithsonian maintains the sole responsibility for the content of its programs, exhibitions and research.

Conferring of name recognition on entities within the Smithsonian is now a careful and deliberate process. Four years ago, the Institution and the Regents established guidelines for the acceptance and recognition of corporate gifts and sponsorships. The Smithsonian, like virtually all American cultural and educational institutions recognizes generous

philanthropic giving through its programs, exhibits, activities that take place in the facilities and certain types of facilities.

The Smithsonian's partnership with Showtime, which created the Smithsonian Channel, allows the Institution to further its mission of "the increase and diffusion of knowledge." By exhibiting the collections, research, and scholarship of the Smithsonian on television, millions of people, who may not have the opportunity to visit Smithsonian museums, may have access to the Smithsonian.

The Institution partnered with Showtime on this venture because the Institution has never had the financial resources or the expertise to produce television programs that could be widely available to the public on this scale. Historically, the Smithsonian's presence on television has been limited; aside from the PBS series "Smithsonian World (32 programs from 1984 to 1991) the Institution was only occasionally featured on television programs, and this new arrangement allows us to change that.

Film makers wanting to film at the Smithsonian follow the same process that they always have. The Institution has received more than 330 requests from third parties to film at the Smithsonian since January 2006, and only two, (0.6%) have been declined due to the contract with Showtime.

To date, Smithsonian Channel has distribution agreements with DirecTV, Verizon FiOS TV and Charter Communications and RCN cable, which means that potentially 22 million households now have access to these programs, and more program distribution is planned. And the programming has been well-received—to date, 12 Smithsonian Channel programs have won awards.

In January of 2008, the Regents accepted the report of the Smithsonian Business Ventures Task Force, which Acting Secretary Samper created last year for the purpose of reviewing Smithsonian's commercial activities and assessing where improvements could be made. One of the Task Force's recommendations was that the Institution's senior management form an internal advisory group to review major new commercial initiatives, such as licenses. The Acting Secretary is in the process of forming this group, whose membership will span the range of interests and disciplines represented by Smithsonian staff. These additional points of view will help the Institution ensure that future commercial ventures are consistent with the Smithsonian's mission and its obligations as a public trust.

**Dicks Question 4.** How will decisions be made with respect to licensing the Smithsonian logo for commercial purposes?

**Answer.** As recommended by the Smithsonian Business Ventures Task Force, the Institution will more closely align all business functions with the overall mission of the Smithsonian. Business operations should be characterized by collaboration, transparency, accountability, judgment, and integrity. The Institution is also in the process of establishing an informal strategic advisory committee comprised of Smithsonian staff from across the Institution to offer advice and guidance on business operations and

product and licensing ideas. This committee will be named soon, and it is intended that it will be in place by this summer. The committee will review new licensing of the Smithsonian name and logo and make recommendations to the Secretary and to Business Ventures as to the appropriateness of licensing opportunities.

**Dicks Question 5.** Is the Showtime contract actually making money for the Smithsonian? If so, how much this year?

**Answer.** Yes, the Showtime contract is making money for the Smithsonian; the Institution will receive a licensing fee of \$875,000 in FY 2008 from the Showtime agreement.

### LEGACY FUND

**Dicks Question 6.** Last year the Congress provided \$15 million in the Omnibus bill for the Legacy Fund proposed by Senator Feinstein. This is funding specifically for facility revitalization to be matched two-for-one with private funds. This was modeled on the Park Service centennial Fund. What is the status of efforts to raise the private match for the federal Legacy Fund appropriations?

**Answer.** Thus far in FY 2008, the Institution has received pledges and verbal commitments of \$29,956,000 in private contributions for facility and related projects. The Institution has begun discussions with House and Senate staff as to whether these contributions qualify as matching funds for the Legacy appropriation.

### FUNDRAISING

**Dicks Question 7.** There has been concern that fundraising would be hurt by last year's controversies. How much money has been raised in new gifts during the last year and how has that changed over the last several years?

**Answer.** The Smithsonian raised \$166 million in FY 2007, the third highest amount raised in any single year. Six months into FY 2008, the Smithsonian has received \$68 million in donations, on target for the FY 2008 goal. Donors continue their commitment to the Institution and provide generous support.

Below are the fundraising results during the past five years.

FY 2003	\$88 million
FY 2004	\$128 million
FY 2005	\$159 million
FY 2006	\$132 million
FY 2007	\$166 million

### ARTS AND INDUSTRIES BUILDING

**Dicks Question 8.** In broad terms, what kind of investment is required to reopen the Arts and Industries Building?

**Answer.** The Smithsonian has conducted extensive reviews of the work necessary to make the building structurally and environmentally sound and to provide a “conditioned shell” ready for interior fitout. Cost estimates have assumed that the interior spaces will be reconfigured to their layout circa 1900, which anticipates removal of more recent partitioning and inserted floors.

The current estimates contemplate:

- upgrading/replacing the previously replaced windows to provide appropriate security and fire protection;
- installing modern links to the on-site US General Services Administration heating and cooling district, but do not include the cost of distribution within the building;
- complete replacement of the roof, including repair, reinforcement, or replacement of the existing iron roof trusses;
- simple wall finishes; and
- associated costs for managing and commissioning the project.

The preliminary cost range for this “conditioned shell” is about \$65 to \$75 million.

The additional cost of interior construction to accommodate the program selected, which may include museum, food service, conference facility, museum shop, and/or other, has been roughly estimated to be an additional \$120 to \$135 million, although these additional costs of completion are impossible to project until a use has been identified and the project carefully planned and professionally estimated.

Based on the foregoing, the Institution believes the cost of reopening the building to the public could be between \$185 and \$210 million.

### CAPITAL PROJECTS –SETTING PRIORITIES

**Dicks Question 9.** The Committee is often lobbied for increased construction funding for projects at individual museums. The Zoo is a good example because of the concern about fire safety and the animals. What can you tell us about the prioritization process for funding of capital projects at The Smithsonian?

**Answer.** The Institution uses a five-tiered ranking system that has been reviewed by the Government Accountability Office to prioritize all known capital projects. The following table describes the relative urgency and impact of the five priority categories and includes the portion of the \$1.5 billion in revitalization requirements that fall in each level. In most cases the Institution funds priority 1 projects at the earliest opportunity. Occasionally this

work must be scheduled after lower priority projects in order to maintain public access to exhibitions and programs. Priority 1 projects may also be funded following projects of lower priority to maintain an orderly sequence of construction for larger projects.

Level	Description
Priority 1	Emergency work required to avoid catastrophic failure or high risk to life safety; failure to complete on schedule will cause immediate irreversible damage to collection or facility; or work is coordinated with an urgent programmatic priority that must take place concurrently.
Priority 2	Emergency work within 1-2 years due to imminent failure and code compliance requirements; failure to fund as planned will cause damage to collections or facility; or, work is coordinated with a concurrent programmatic priority, such as replacement of a permanent exhibit that must occur within 1-2 years.
Priority 3	Predicted failure and mission viability requirements; currently moderate risk but likely to become emergency requirement in 3-4 years.
Priority 4	Moderate risk. Requirements critical in 5-6 years.
Priority 5	Emergent future needs in 7-10 years.

In the case of the National Zoological Park, increased funding for fire safety systems is all priority 1 work associated with meeting recently adopted fire codes for animal safety.

## SCIENCE

**Dicks Question 10.** Dr. Samper, we have discussed before that the public and most Members of Congress know little about the Smithsonian's science programs. This is partially because the budget for science is buried within the requests for various museums and centers. Can you tell the Committee roughly what portion of the \$716 million requested for 2009 is directly related to the science mission of the Institution?

**Answer.** The Institution's total FY 2009 request for Salaries and Expenses and Facilities Capital is \$716 million. Of this amount, 8 percent or \$58 million is for question-driven scientific research and activities, including scientific equipment, instrumentation, and fellowships that directly support these science activities.

**Dicks Question 11.** For the record please insert a table for fiscal years 2007, 2008, and proposed for 2009 showing the crosscut for science throughout the Institution.

**Answer.** The following table presents Smithsonian's federal Salaries and Expenses funds allocated for scientific research at Smithsonian museums, research institutes and research



support organizations. The amounts cited are estimates based on percentages included in the National Research Council report *Funding Smithsonian Scientific Research* published in 2003. Figures do not include funding for public programs, exhibitions, administration, facilities or collections management.

Smithsonian Institution  
Federal Funding for Scientific Research and Support

\$000's	FY 2007	FY 2008	FY 2009 Est. *
<b>Museums &amp; Research Institutes</b>			
National Air & Space Museum - Center for Earth and Planetary Sciences	1,023	1,026	1,020
National Museum of Natural History	13,540	13,625	13,538
National Zoological Park	3,333	3,473	3,494
Smithsonian Astrophysical Observatory	20,533	20,514	20,220
Museum Conservation Institute	1,077	1,014	1,002
Smithsonian Environmental Research Center	2,019	2,161	2,144
Smithsonian Tropical Research Institute	6,865	6,823	6,749
<b>Subtotal, Museums &amp; Research Institutes</b>	<b>48,390</b>	<b>48,636</b>	<b>48,167</b>
<b>Research Support</b>			
Fellowships & Libraries	2,012	2,941	2,871
Instrumentation and Research Equipment	7,418	6,405	7,168
<b>Subtotal, Research Support</b>	<b>9,430</b>	<b>9,346</b>	<b>10,039</b>
<b>Total, Scientific Research and Support</b>	<b>57,820</b>	<b>57,982</b>	<b>58,206</b>

\* FY 2009 Estimate includes pro-rated distribution of the Unallocated Reduction to Research contained in the FY 2009 budget request.

**Dicks Question 12.** Would it make sense to request funding for your science program as a separate appropriation to give this activity more visibility?

**Answer.** The Institution has considered restructuring its science programs as a separate appropriation to improve their visibility. We do not believe that a separate appropriation is needed. However, greater priority and visibility for these activities may more easily be accomplished by clearly showing the science investment and its impact by reorganizing

the presentation of the Institution's budget as presented to OMB and Congress. The Institution is currently considering potential formats that would promote the understanding of its science programs without adding administrative burdens.

**Dicks Question 13.** Has the Smithsonian conducted a basic review of the organization and quality of its science programs in recent years? Do you think a review by an organization such as the National Academy of Sciences would be helpful?

**Answer.** Smithsonian science programs are continuously under review, both formally and informally. The following provides examples of past and ongoing science program review.

- The Board of Regents appointed an 18-member blue-ribbon Science Commission in 2001, a number of whose members were affiliates, members, or fellows of the National Academy of Sciences. The Commission published its findings in December 2002 and delivered its report, including recommendations, to the Regents at their meeting in January 2003. More than 90 percent of these recommendations have been implemented to date. The Report of the Smithsonian Science Commission can be found at <http://www.si.edu/sciencecommission/>.
- In addition to the Science Commission Report, in 2002 two independent parallel studies were undertaken by the National Academy of Sciences and the National Academy of Public Administration that were also considered and appended to the Science Commission report.
- Specific pan-Institutional science programs (e.g., Marine Science, 2006, and Biological Dynamics of Forest Fragments, 2007) receive periodic external reviews.
- Individual science units also have review panels or visiting committees. For example, a recent external review of the Smithsonian Tropical Research Institute found the science quality, relevance, and scientists' performance to be top tier, using National Research Council criteria to compare to the best 142 U.S. university research departments. STRI scientists ranked highly in all measures of scientific relevance (e.g., publication citations), quality (e.g., scientific honors) and productivity (e.g., publication numbers).
- Every research scientist undergoes external review by peers through a Professional Assessment and Evaluation Committee (PAEC) every three, five, or seven years, depending on seniority. These reviews can lead to promotion, re-direction, or dismissal.
- Smithsonian scientists' submissions of research results for publication are typically peer-reviewed on an anonymous basis.

- In addition, the number of young scientists who choose Smithsonian as the basis for their graduate and postgraduate research training (e.g., through fellowships) provides an additional measure of the relevance and quality of Smithsonian science.

Thus, while we value independent review, we do not feel that another overall review by an organization such as the National Academy of Sciences would be useful at this time.

#### **NATIONAL MUSEUM OF AFRICAN AMERICAN HISTORY AND CULTURE**

**Dicks Question 14.** This year the funding for this new museum, which is not scheduled to open for many years, was increased from \$3.7 million to \$11.8 million. Can you tell us how this relatively large amount of funding will be spent in 2008?

**Answer.** In FY 2008, funds will be used to hire up to 23 new staff for the National Museum of African American History and Culture, including: development staff to raise private funds to build the museum, which will be 50 percent Federally funded and 50 percent privately funded; museum education professionals (including a Web-content specialist) to increase public engagement and outreach; and additional collection staff to enhance collection stewardship as the Museum continues to build core collections. The Museum expects to have a total of 41 staff on board within the next several months. Remaining funds will be used for educational programming, collections acquisitions, public programming activities, fundraising events, and administrative support.

**Dicks Question 15.** Will all of the 2008 funds for the African American History Museum be used this year?

**Answer.** No. The Institution expects to carry \$3.4 million into FY 2009. These no-year funds will be used to acquire collections, conduct fund raising and outreach events, and to support education and public programs.

#### **FIXED COSTS**

**Dicks Question 16.** Please provide a table showing all fixed costs for FY 2009 and the portion funded in your budget request.

**Answer.** The table below shows the increases for all fixed costs for FY 2009 (including recent increases identified since the release of the budget request) and the increases requested in the budget.

(Dollars in thousands)	Increases Identified	Congressional Request
	In February 2008	
Salary & Related Costs	\$16,316	\$10,878
Communications	1,136	1,136
Other	1,130	1,130
	Since February 2008	
Utilities	3,767	1,821
Postage	95	0
Rent	2,140	1,470
Total	\$24,584	\$16,435

Details follow:

- Shortfall identified in the FY 2009 Congressional budget request:
  - Salary and Related Costs – \$5.4 million for FY 2008 and FY 2009 pay raises and workdays; the Institution plans to absorb the shortfall in pay by specific reductions, such as forgoing the purchase of replacement vehicles and desktop computers and conducting a hiring freeze.
- Full funding provided in the FY 2009 Congressional budget request:
  - Communications and other fixed costs.
- Recent increases identified since submission of FY 2009 Congressional budget request in February 2008:
  - Utilities – \$1.9 million for recent unbudgeted and only recently identified increases to electricity and water rates, and increased estimates for electricity usage at the National Museum of American History as a result of the chilled water plant replacement (cooling load increases from 1,800 tons to 3,000 tons);
  - Postage – \$95,000 for unanticipated postage rate increases that are effective May 2008; and
  - Rent – \$670,000 for FY 2008 actual operating expenses and real estate taxes above budgeted estimates.

#### **BUTTERFLY EXHIBITION**

**Dicks Question 17.** Can you please explain the fee structure for the Butterfly Pavilion and why a fee was necessary?

**Answer.** The National Museum of Natural History opened *Butterflies and Plants: Partners in Evolution* in February of this year. The exhibition has two components: a free, long-term exhibition focusing on plants and animals that have evolved together through time, and a special Butterfly Pavilion featuring live butterflies and plants. The Butterfly Pavilion admission charges range from \$4.50 to \$6.00. (\$4.50 per person for groups of 10 or more purchased in advance, \$5.00 for Smithsonian members and children, \$5.50 for seniors, and \$6.00 for adults.) Because of the Institution's concern that some people could be excluded, the Museum offers the exhibit one day a week for free. We also have a reduced rate for school groups.

The Butterfly Pavilion admission charge is necessary because it covers the exhibit's estimated \$900,000 annual operating costs and related efforts. The Institution would be unable to support the live Butterfly Pavilion otherwise. The fee is not intended to make a profit for the Institution; it will only cover operating costs and related expenses.

**Questions for the Record**  
**Questions from Congressman Jim Moran**  
**Smithsonian Institution - Acting Secretary, Dr. Cristián Samper**  
**Hearing Date: April 9, 2008**

#### **FACILITIES MAINTENANCE AND FACILITIES CAPITAL**

**Moran Question 1a.** Both the National Academy of Public Administrators (NAPA) and the Government Accountability Office's (2 reports) identify a huge maintenance and facilities backlog, somewhere between \$1.6 billion and \$2.3 billion. NAPA called for a 10 year program of revitalization to address this shortfall funded at \$150 per year. GAO has recommended a 9 year plan at \$233 million per year. The 2009 budget requests \$128 million for facility capital requests. Do you concur that there is still a gap between the amount you are asking and the amount you need to close your maintenance and facilities backlog?

**Answer.** Yes, there is a gap between the amount requested for FY 2009 and the amount recommended by NAPA and GAO to address facilities maintenance and revitalization requirements. There is an ongoing need for a minimum of \$100 million annually for day-to-day, routine facility maintenance and minor repairs, as well as \$150 million annually for the next ten years for revitalization to address a long list of overdue and very expensive capital repairs.

The FY 2009 request for Facilities Maintenance within the Salaries and Expenses (S&E) account is \$69.1 million, while the request for revitalization within the no-year Facilities Capital account is \$128 million.

**Moran Question 1b.** How have you prioritized the facilities maintenance funds Congress has provided so far?

**Answer.** The Institution has a rigorous prioritization system for revitalization requirements that guides development of the Facilities Capital program. The Institution has a very similar system for development of Facilities Maintenance program. Each ensures objectivity by using a nearly identical, multi-tiered matrix approach to describe the relative urgency of projects. This approach takes into consideration the situation and condition and the potential impact of failure on visitors, staff, collections, programmatic activities, and/or the building. Both NAPA and GAO have validated that the Smithsonian has made good use of the systems to ensure that funds provided have been applied to the most critical requirements. And while acknowledging the shortage of funding, neither has found fault with our execution of these budgets, once appropriated.

**Moran Question 1c.** How much of your trust fund revenue has been or could be devoted toward this backlog?

**Answer.** The Institution spent approximately \$21 million of trust funds in FY 2007 on facilities-related projects. These items had been planned for Trust funding and were not part of the Federal backlog but do reduce the Smithsonian's overall backlog. The Smithsonian plans to initiate a national fundraising campaign for which planning has just begun, and hopes that this effort will increase donations to improve the conditions of its facilities.

### USE OF ENDOWMENT FOR REPAIRS

**Moran Question 2.** Could a portion of what you reinvest from your endowment be devoted toward the backlog?

**Answer.** The Smithsonian's Board of Regents established an investment return target for the endowment of 5.5 percent above inflation, which allows the endowment to maintain its economic value by earning enough to cover its annual payout, its annual costs, and inflation over long market periods. Following strong bull markets in equities, there is a temptation to spend more due to the accumulation in income. However, this question is highly sensitive to the time horizon covered. During the years 2000-2005, the endowment was not able to achieve its investment objective.

- The current payout of 5 percent of the 5-year moving average of the endowment is within accepted parameters for non-profit endowment management
- This payout rate produces approximately \$17 million in FY 2008 that is unrestricted; the remainder is restricted to the purposes specified by the Institution's donors
- The \$17 million annual payout currently pays for the Institution's annual administration and management activities that would otherwise be funded through federal appropriations

### FISCAL YEAR 2009 BUDGET

**Moran Question 3.** While you have committed a significant amount, \$128 million, to capital facilities, the bulk of the funds (\$72 million) go to just 5 facilities. A balance (\$55 million) of \$31.5 million is proposed to be spent on "other revitalization projects" and \$23.5 million is proposed to be spent for facilities, planning and design. Could you provide me with a more detailed breakdown on how you intend to spend the balance of funds?

**Answer.** The list of the projects included in the "Other Revitalization" and "Facilities Planning and Design" categories of the Institution's FY 2009 Facilities Capital request is provided in the following tables.

(Dollars in thousands)

Other Revitalization Projects — FY 2009			
Location	Priority	Estimate	Project
CHM	2	4,625	Upgrade Cooper-Hewitt Electric Distribution
CHM	2	1,500	Asbestos Abatement
CHM	2	400	Extend Fire Suppression System
CHM	2	150	Stabilize Mansion Fence
FGA	2	1,275	Replace Roof
FGA	2	700	Upgrade Humidification System
HMSG	2	500	Upgrade Exhibit Lighting/Code Compliance
NASM	2	200	Install safety improvements Stairtower 6
NMAH	1	485	Improve Roof System
NMAH	1	2,900	Prevent Ground Water Infiltration
NZP	2	150	Renew Service Infrastructure Ph I
QUAD	2	1,500	Connect GSA Chilled Water System
RGA	2	300	Install safety mods Attic Access Catwalks
RGA	2	350	Replace Ceiling in Gallery 104
SAO	1	228	Install New Large Water Tank, FLWO
SAO	2	200	Install Site-Wide Radio Fire Alarm System, FLWO
SAO	2	200	Install Summit Antennae Fire Suppression, Hawaii
SAO	2	100	Install Spectrograph Fire Suppression, FLWO
SERC	2	500	Improve Utility Systems
SERC	2	500	Construct Fire Protection Water System
SIB	2	180	Replace Fire Alarm
STRI	1	250	Install Bocas Fire Protection System, Ph 2
STRI	1	200	Construct Bocas Sewage Treatment Plant
STRI	1	140	Reinforce Structure, Naos Bldg. 359
STRI	2	350	Upgrade Fire Protection, BCI
Suitland	1	500	Control and Stabilize Bank Erosion
Suitland	1	1,100	Replace MSC Switchgear
Suitland	2	300	Install Fire Separation, Building 19
All Facilities	1	3,867	Perform Miscellaneous Capital Repairs
All Facilities	2	2,100	Install Backflow Prevention/Fire Pumps/Generators
All Facilities	1	4,950	Construction Supervision & Administration
All Facilities	1	300	Provide Guard Services
All Facilities	1	500	Provide Reprographics Services
<b>TOTAL</b>		<b>\$31,500</b>	



(Dollars in thousands)

<b>Facilities Planning and Design Projects — FY 2009</b>			
<b>Location</b>	<b>Priority</b>	<b>Estimate</b>	<b>Project</b>
NMAAHC	2	3,000	Begin Design
NMAH	2	3,200	Design Garage Infill and West Wing Revitalization
NMNH	2	3,000	Design Ongoing Revitalization
NZP	2	3,250	Design Ongoing Major Revitalization
SAO	2	750	SAO Master Plan, All Locations
SERC	2	3,500	Design Mathias Laboratory Renovation/Trailer Replacement
SIB	2	250	Complete Castle Master Plan
All Facilities	2	3,070	Design Future Other Revitalization (FY 2010/2011)
All Facilities	3	250	Study Real Property and Space Utilization
All Facilities	2	2,600	Design Perimeters & Glass Blast Mitigation
All Facilities	2	480	Design Security Modifications, Multiple Locations
All Facilities	2	150	Study Multi Hazard Risk Assessment
<b>TOTAL</b>		<b>\$23,500</b>	

**Moran Question 4.** If you have more than 600 facilities, \$55 million is a pretty small amount to spread around to the other 595 plus facilities for maintenance needs. Can you assure me that routine maintenance is still being done and that you are not deferring this maintenance and creating future unfunded liabilities?

**Answer.** The Institution carefully balances the needs of the buildings in the greatest need of capital revitalization—those included within the five major Facilities Capital projects noted above—with the smaller, “other revitalization” needs of remaining buildings. The FY 2009 program as requested will provide sufficient funding to do the highest priority work needed at facilities that are not currently undergoing major revitalization work and minimize the growth of future problems in those buildings. It should be noted that the five major projects are located on properties that contain multiple buildings/facilities (e.g., the National Zoo count is 82). And among the Smithsonian properties, several are new buildings, such as the National Museum of the American Indian and the Steven F. Udvar-Hazy Center, or were recently renovated, such as the Donald W. Reynolds Center.

In addition, the Smithsonian’s request for \$69.1 million in maintenance funding in Salaries and Expenses will be applied across all facilities. This will ensure that routine work (such as cleaning, lubricating, inspecting, and repairing building equipment and components) will be done to prevent further deterioration of building systems and avoid adding substantially to future unfunded liabilities. This increased level of maintenance funding is still short of the National Research Council-recommended annual funding level of \$100 million; thus, it is inevitable that some work will not be completed when required.

### LEGACY FUND

**Moran Question 5.** Where do you stand in raising the 200 percent matching funds for the \$15 million appropriated last year to create a Legacy Fund to address your maintenance backlog?

**Answer.** Thus far in FY 2008, the Institution has received pledges and verbal commitments of \$29,956,000 in private contributions for facility and related projects. The Institution has begun discussions with House and Senate staff as to whether these contributions qualify as matching funds for the Legacy appropriation.

### ARTS AND INDUSTRIES BUILDING

**Moran Question 6.** I am familiar with your proposal to allow the private sector to enter into a partnership with the Smithsonian to restore the Arts and Industries Building and I am a booster of one, the Woman's History Museum proposal that was submitted. I have my doubts, however, that you will find a partner capable of meeting your requirements to raise \$75 million to fix the building's shell and roof and return it to public use in a manner that is compatible with your mission. Could you tell us who else has submitted credible proposals?

**Answer.** On November 1, 2007, the Smithsonian issued a Request for Qualifications (RFQ) to the general public, seeking information concerning the possible redevelopment of the Arts and Industries Building. RFQ is a solicitation sent to a broad base of potential suppliers for the purpose of gathering information, and most often in preparation for a Request for Proposal (RFP). It is often used in large projects to assess the capability of offerors to meet the needs of the project as well as to investigate the means by which the project's requirements can be met. The RFQ process is the preferred course at this stage given the need to gather information on the many possible uses for the Arts and Industries Building. It also has allowed the Institution to measure the feasibility of the many proposals received. The Institution may use the information gathered during the RFQ process to craft an RFP, which is a more specific procurement process directed to potential offerors for the provision of a more defined service.

Responses to this RFQ were received through January 7, 2008. Eleven proposals were received by the Smithsonian. These proposals are currently being evaluated and must be considered confidential so as not to compromise the decision-making process.

**Moran Question 7.** Can you tell the Committee how you expect to evaluate the responses to the Smithsonian's Request for Qualifications (RFQ) that were submitted in early January?

**Answer.** An evaluation committee was convened to analyze the responses. The evaluation committee met as a group and considered the strengths, weaknesses, and risks

of each proposal. Each proposal was judged on its own merit and was not evaluated against any other. Each proposal was given the same consideration. The submissions were evaluated on the following four criteria:

- Proposal of creative, appropriate, and exciting reuse concepts that complement Smithsonian activity on the Mall and provide educational, cultural or other services to the Mall visitors.
- Demonstration of past and current managerial capability that can carry this project to fruition.
- Ability to preserve this historic asset while making the building into a productive asset for the Smithsonian and the public.
- Demonstration of a well-defined track record of successful operations, financial stability, and the financial capability to proceed with full redevelopment within 24 months of execution of an agreement with the Smithsonian.

**Moran Question 8.** What were the proposed uses for the building?

**Answer.** The proposals included the following general uses for the building:

1. Museum
2. Visitor Center
3. Mixed Use – Retail, Food, Conference Facilities, and/or Museum Space
4. Mixed Use – Exhibit Space, Food, and Classrooms

**Moran Question 9.** Since the RFQ asked for rather detailed information from each respondent, what additional information does the SI expect to request from those selected to receive the Request for Proposals (RFP)? When will the RFP go out? How serious is SI about moving ahead on this?

**Answer.** At the current stage, the Smithsonian must carefully assess the responses received as a result of the RFQ process. Should the assessment be positive and should a decision be made to proceed to a Request for Proposal (RFP), a great deal of information will be sought from those selected to participate. It is difficult, at this stage, to speculate on what information would be sought as much of it would be dependent upon the specific proposal. It is safe to say, however, that detailed information on the financial viability of any offeror's plan would be sought as well as specific information relating to the proposer's ability to safely renovate a building of significant historic importance. The results of the RFQ evaluation will be shared with the Board of Regents at their May 5 meeting.

### VISITATION

**Moran Question 10.** If it were not for the closing of the American History Museum (2.8 million visitors in '06) you would have experienced record attendance last year. What is your initial experience so far this year?

**Answer.** Visits to the Smithsonian thus far in FY 2008, from October 1, 2007 through March 31, 2008, totaled 8,834,920. This is an increase of 188,672 (2.2 percent) over the same period in FY 2007. It is 590,285 more visits (7.15 percent) than the same period in FY 2006, when the American History Museum was still open.

### TRUST FUNDS

**Moran Question 11.** On page 257 of your budget justification booklet, you have broken trust sources of funds into 3 categories and provided a fiscal 2008 estimate:

General Trust	\$62.2 million
Donor/Sponsor-Designated	\$111.6 million
Government Grants and Contracts	<u>\$105.6 million</u>
Total Available for Operations	\$279.8 million

If you secured \$376 million in operating trust funds in fiscal year 2007, why do you anticipate almost a \$100 million drop in fiscal 2008? Do you have a goal or target for fiscal 2009?

**Answer.** The drop is largely in the Donor/Sponsor Designated funds (\$86 million). In FY 2007 a significant number of large contributions were received, some unexpected and some earlier or later than anticipated. To date, FY 2007 is the third highest year in fundraising history at the Institution. The FY 2008 budget was estimated lower, based on a less conducive economic climate; leadership transition in the Smithsonian and its museums, vacant executive positions and board volunteers; and the anticipated budget limitations needed to expand fundraising efforts. The Institution will establish its fundraising goals for FY 2009 later this summer.

**Moran Question 12.** How much income did your trust account generate in 2007? Did you spend all of the income these trust funds generated last year or did you reinvest some of it?

**Answer.** The Institution's endowment generated \$39.2 million in payout during FY 2007. Of this amount \$24.8 million was restricted as to use, and \$14.4 million was unrestricted. The Institution follows an endowment payout policy, as approved by its Board of Regents, that is consistent with other non-profit entities and pays out 5 percent of the previous five year average value of the endowment. The unrestricted endowment payout

funds were used to cover a portion of the Institution's costs for administration and management as well as some program costs. Unlike most government entities, Smithsonian uses a large portion of the unrestricted funds it earns to cover administration and management, thereby reducing what it must request from the Federal government.

During FY 2007 the unrestricted portion of the endowment earned \$28 million more than it paid out, and this difference was reinvested. However, thus far in FY 2008, the endowment is earning significantly less than it is paying out.

**Moran Question 13.** How do you balance concerns that have now been raised that too many strings have been attached to large private donations, strings that could compromise the integrity of a museum's independent and scholarly presentation of its artifacts and displays?

**Answer.** The Institution's development staff works closely with donors and sponsors to communicate the Institution's mission and the importance of independent intellectual expression. The Institution's gift and sponsorship agreements, which document gift intent and purpose between the Institution and donors/sponsors, state:

*"the contents and presentation of all Smithsonian exhibitions and programs remain exclusively within the sole discretion of the Smithsonian [and/or museum/unit]. Moreover, nothing in this Agreement may be interpreted to limit the independent discretion of the Smithsonian to manage its collections and interpret its mission to increase and diffuse knowledge."*

This ensures that donors understand that the Institution retains control over the whats and hows of what is presented to the Institution's visitors.

#### SMITHSONIAN STUDENT TRAVEL (SST) PROGRAM

**Moran Question 14.** Eight student travel companies recently wrote you about concerns they have with an exclusive business venture the Smithsonian has with EF Travel. As I understand it, this company has the exclusive rights to market its travel programs as Smithsonian travel programs. That includes both bringing students here to visit the Smithsonian and using your name to offer travel programs elsewhere in the United States and abroad.

I can understand contracting out your travel program that you offer to your resident associate members or even perhaps for people visiting the Smithsonian, but why for travel programs that have absolutely no relationship with the Smithsonian other than the use of your name?

**Answer.** EF Travel has the exclusive right, pursuant to a license agreement with the Smithsonian, to use the Smithsonian name and logo in association with student

educational tours. This agreement does not preclude any other student tour operators from offering tours that include the Smithsonian museums on their itineraries.

The emphasis on education for tours managed by EF Travel, whether they specifically include Smithsonian museums or other destinations, is consistent with the Smithsonian's mission "for the increase and diffusion of knowledge." The Institution has determined that it is appropriate to designate these tours with the "Smithsonian Student Travel" name. This practice is also consistent with other Smithsonian business activities; for example, the award-winning *Smithsonian* magazine's editorial purview goes far beyond the walls of the Institution in its reporting, with articles adhering to the Smithsonian mission and sensibility, but not necessarily focused on Smithsonian programs.

**Moran Question 15.** These travel groups, however, have additional concerns that include:

- a) the allegation that EF in its promotional material implies that it has special access to Smithsonian and unique programs that its competitors cannot offer.
- b) a practice whereby customer lists and contacts of EF's competitors are compiled by the Smithsonian and shared with EF Travel.
- c) a circumstance where the Smithsonian has allowed a rebranding in January of 2007 that lets this exclusive private licensee operate, without obvious disclosure, as the Smithsonian and under its name – that is different from the branding that had been presented to and approved by its Board of Regents as late as September of 2006.
- d) a potential failure to comply with D.C. law (DC ST § 47-2836) that requires that "(a) No person shall, for hire, guide or escort any person through or about the District of Columbia, or any part thereof, unless he shall have first secured a license" which requires accompaniment by a licensed guide whenever an EF Smithsonian group is being escorted for hire within District boundaries. In their published materials, EF Smithsonian commits to providing such a licensed guide for only a fraction of the time their employees are otherwise escorting groups within the District.

Are these concerns legitimate?

**Answer.** The following presents the Institution's position on each of the concerns listed above:

- a) There is no special access to the Smithsonian that visitors can achieve by using Smithsonian Student Travel services. In response to their concerns, the Institution has informed other student tour operators about information and services available at the Smithsonian and how student travel groups can enrich the Smithsonian experience for all of their travelers. This information is available to all tour groups and operators.

The Institution is reviewing the EF Travel promotional materials to ensure that any confusing or misleading language describing the tours and the operator's relationship with the Smithsonian, is clarified.

b) This practice does not exist. However, the Institution does collect names of people who voluntarily request that information be sent to them about the Smithsonian-licensed student travel business,

c) The Institution is actively working with its licensee to clarify language in all marketing materials as to its relationship as a licensee of the Smithsonian.

d) The Institution has communicated to EF that it is required, like all other licensees under contract with the Smithsonian, to comply with all industry standards, including compliance with all applicable laws.

**Moran Question 16.** Do they suggest that you may not be properly policing your licensing agreement?

**Answer.** The licensing group at the Smithsonian is responsible for and oversees all licensing agreements. The Smithsonian expects all licensees to comply with all terms of their agreement; when problems are brought to our attention, we address them expeditiously.

**Moran Question 17.** Should we or the Smithsonian have any concerns that if there ever were a problem with EF's safety record or legal compliance, the Smithsonian by implication would also be liable?

**Answer.** No. The Smithsonian's agreement with EF Travel is a license to use the Smithsonian name. EF is solely responsible for the safe operation of its tours and compliance with applicable law and carries appropriate insurance.

**Questions for the Record**  
**Questions from Congressman Todd Tiahrt**  
**Smithsonian Institution -Acting Secretary, Dr. Cristián Samper**  
**Hearing Date: April 9, 2008**

### **IMPACT OF FACILITIES INVESTMENT ON PROGRAMS**

**Tiahrt Question 1.** Your FY 2009 budget request reflects an overall increase of \$34 million but I want to focus my first question not on 2009 but on the long-term impact of providing Smithsonian increases almost exclusively on repairing facilities for the last 12 years. By focusing increases on the backlog, what has been the impact to science, public programs and other core areas that have distinguished the Smithsonian worldwide?

**Answer.** Over the past twelve years, funding for Salaries and Expenses has increased largely in response to mandatory (pay, rent, utilities) cost increases for existing programs, Congressionally approved new museums including the National Museum of the American Indian, the National Air and Space Museum's Udvar-Hazy Center, and the new National Museum of African American History and Culture, and care of facilities. General base erosion to research in science, history, art and culture, to collections care, and to exhibitions from absorbing partial pay raises and across-the-board rescissions has led to the loss of 25 percent of Smithsonian staff (excluding new museums).

The FY 2009 budget provides a significant improvement in facilities maintenance and revitalization, but it reduces funding for Smithsonian research, exhibitions, educational and public programs and redirects some of that funding to the maintenance program. This diminishes what the Smithsonian can accomplish in terms of its basic mission to increase and diffuse knowledge. However, the Institution will try to make up the shortfall by raising private funds, a task that will prove most challenging, but less difficult than raising funds to support maintenance.

### **ARTS AND INDUSTRIES BUILDING**

**Tiahrt Question 2.** Last year the Smithsonian issued a Request for Proposal for the historic Arts and Industries building on the Mall. What was the response from the private sector and, before you issued the RFP did the Smithsonian conduct an internal study into their possible use of the building or is this decision to seek private sector financing and use simply driven by the lack of Federal funds?

**Answer.** On November 1, 2007, the Smithsonian issued a Request for Qualifications (RFQ) to solicit from organizations outside of the Institution ideas for revitalizing the Arts and Industries Building. The purpose of the RFQ was to determine whether there was any interest in the non-profit and/or private sector in providing funds to renovate the building in exchange for a programmatic use. The Institution is trying to leverage its treasured place on the National Mall, but will only accept uses that are consistent with its



mission. The issuance of an RFQ in no way commits the Institution to accepting any of these proposed ideas. The idea to proceed with an RFQ was discussed with the Institution's congressional oversight and appropriations committees before it was issued. A copy of the RFQ can be found at <http://www.smithsonian.org/AI/rfq/AIB-RFQ-103107.pdf>

Eleven responses to the RFQ were received by the deadline of January 7, 2008. To evaluate these submissions and identify their strengths and weaknesses, the Acting Secretary appointed a group of Smithsonian staff with mission, facilities, real estate, and financial expertise to evaluate the submissions against the criteria outlined in the RFQ. At the same time, the Acting Secretary initiated an internal survey of all Smithsonian staff to assess their views on the future of the building and to elicit their ideas for how the Institution could program this space if the Institution decided to dedicate the funds to rehabilitate the building.

The results of both of these assessments will be shared with the Board of Regents and will be a topic of discussion at the May 5 Regents' meeting.

#### PROGRESS ON REDUCING FACILITIES BACKLOG

**Tiahrt Question 3a.** This subcommittee has appropriated \$900,000,000 since the critical backlog problem was brought to our attention in 1996. Recognizing that your backlog has been verified to be \$1.5 billion and that no agency ever completely eliminates the problem, can you describe to us how much progress has been made to date, assuming you have been addressing the most critical problems?

**Answer.** The Institution is grateful for the support from the Administration and Congress in addressing the ongoing requirement for stewardship of its physical plant. The Institution has made significant progress in ameliorating the condition of its facilities since 1996, as validated by the National Academy of Public Administration (NAPA) in 2001, and the Government Accountability Office (GAO) in 2005 and 2007. Among the most significant achievements are the total rehabilitation of the historic Patent Office Building, revitalization of some portions of the National Zoological Park (Asia Trail I), and the National Museum of Natural History (about 44 percent complete). Twelve years ago, the Patent Office Building and the National Museum of Natural History were the two buildings in the most dire need of total system replacement and renovation, and the National Zoo was not far behind.

As described in an earlier response, the Institution has a rigorous prioritization system for revitalization requirements that guides development of the Capital Program. Both NAPA and GAO have validated that the Institution has made good use of this system to ensure that funds have been applied over the years to the most critical requirements.

It is important to recognize that current funding levels for facilities maintenance abets premature failure of Smithsonian facilities and their component parts (electrical,

mechanical, roofs, etc.), driving additional requirements for capital repairs (revitalization) and the budget increase for facilities maintenance requested in FY 2009 is desperately needed.

### GOVERNANCE REFORM

**Tiaht Question 3b.** How would you describe your progress on implementing the reforms publicly embraced last year by both the Institution and the Board of Regents, recognizing that some will take longer to implement?

**Answer.** Over the eleven months since the Regents began reform efforts, great progress has been made. Seventeen of the 25 reform recommendations are completed to date, with the others on track for completion by the end of this calendar year. These actions include:

- Increased Regents' engagement:
  - Strengthened the role and independence of the critical gatekeepers of the Smithsonian—the Inspector General, the Chief Financial Officer, and the General Counsel—by ensuring that they have direct access to the Board
  - Established a new Facilities Revitalization Committee to aggressively solve the Smithsonian pressing and chronic deferred maintenance problems
  - Established baseline duties and responsibilities for all Regents
  - Created the position of Chair of the Board to strengthen the Board's oversight of Smithsonian operations and serve as the Regents' chief spokesperson and elected first Chair in January
  - Continue to reach out to Smithsonian advisory boards to better partner with their more than 600 members on governance and strategic planning efforts
  - Created an independent staff office that reports solely to the Regents and helps ensure the primacy of the Regents in setting agendas
  - Met eight times in 2007 and are scheduled to meet at least five times this year, including the first-ever public meeting of the Regents
  - Embarked on a comprehensive review of the size, structure and composition of the Board. Studies have been completed, and formal proposals for changes will be presented at the next Regents' meeting in May
  - Elected a third voting member to the Executive Committee
  - Revised and adopted Regents' Committee charters
  - Created selection criteria for new Citizen Regents and reviewed procedures for appointment to Committees
- Increased transparency:
  - Dramatically increased the transparency of the Institution by formally adopting a FOIA policy, launching Regents and governance websites, and

posting general policies, Board meeting minutes, and financial information on the public website

- Commenced a comprehensive review of the Smithsonian's financial reporting systems and internal controls to ensure meaningful oversight of the accuracy and integrity of Smithsonian financial statements and reports
- Improved policies on staff compensation, expenses, and other issues:
  - Overhauled the executive compensation system for senior executives
  - Placed all senior executives in an accrued leave system
  - Oversaw the development and adoption of a Smithsonian statement of values and code of ethics
  - Strengthened, with management, the Smithsonian's travel policies to mirror the Federal Travel Regulations
  - Prohibited service by senior executives on for-profit boards

### SMITHSONIAN BUSINESS VENTURES

**Tiaht Question 4.** Last year the Smithsonian IG released a report on the Smithsonian Business Ventures office, created by Larry Small. I believe you also directed a group to review the issue internally. Can you talk about your plans?

**Answer.** The Smithsonian Business Ventures Task Force was established by Acting Secretary Cristián Samper in August 2007 to review the strategy of Smithsonian Business Ventures (SBV), recommend improvements in its structure and organization, and examine ways to maximize its financial and program-related contributions to the Institution. The Task Force was composed of Smithsonian and non-Smithsonian members whose collective experience with museums and mission-related activities, Smithsonian management, Smithsonian advisory boards, and business endeavors provides a broad range of perspectives and expertise. Specifically, the SBV Task Force was asked to address the following issues:

- What should be the role of revenue-generating activities within the Smithsonian Institution and how should they contribute to its mission?
- Which business activities should be managed directly by the Smithsonian and which might be outsourced, if any?
- What type of models for sharing business revenue with the units would promote and reward unit involvement in these activities?
- What is the best way to manage these activities going forward? Should SBV continue to exist as a semi-autonomous unit or be fully integrated into the Smithsonian organizational structure?

The Task Force Report, which is available at:

<http://www.smithsonian.org/about/documents/SBVTaskForceReport-1-28-08.pdf>, was provided to the Acting Secretary in early January 2008 and endorsed by the Board of Regents at its January 2008 meeting. The Task Force concluded that while SBV includes many successful business operations that enable the Institution to reach millions with its mission and provides an essential source of unrestricted funding to the Smithsonian, its current reporting structure and culture surrounding these activities has prevented SBV from living up to the expectations established at its founding. The report outlined the cultural changes and specific improvements that are necessary to improve the business operation and ensure it aligns with the Institution's mission. Specifically, the Task Force recommended that the Institution:

- Closely align all business functions with the overall mission of the Smithsonian by adopting a set of principles that would govern all business activity. Business operations should be characterized by collaboration, transparency, accountability, judgment, and integrity.
- Retain the business operation as a centralized, distinct organization within the Smithsonian, but better integrate it through changes in its governance, accountability, and leadership.
- Disband the advisory board (called the SBV Board of Directors), have the business unit leader report directly to the Secretary, and increase Board of Regents oversight.
- Retain performance-based approach to compensation, within the context of the unified compensation philosophy recently adopted by the Board of Regents.
- Reorganize the business into three large groupings—Retail (stores, catalog and online catalog, IMAX theaters, food services), Business Development & Licensing (new businesses, product development & licensing, student and adult educational travel) and Media (Smithsonian magazine, online publishing, Smithsonian books, Smithsonian Networks, goSmithsonian magazine).
- Do not outsource the retail stores, but instead improve internal retail merchandising, leadership, and the relationships with museum staffs.
- Revamp and standardize the revenue-sharing formula to encourage cooperation between the museums and retail staff, and enable museums to have a greater share of profits.
- Establish an informal strategic advisory committee comprised of Smithsonian staff from across the Institution to offer advice and guidance on business operations and product and licensing ideas.

- Change the name of the organization. The committee suggested “Smithsonian Enterprises,” but the final name has not yet been determined.

The Acting Secretary has assembled a small team of senior staff to oversee the implementation of these recommendations, with the aim of completing many of them before Secretary-Elect Clough comes on board in July. We anticipate the new revenue-sharing formula will take effect at the beginning of FY 2009.

## SCIENCE

**Tiaht Question 5.** Some years ago the Smithsonian adopted a Strategic Plan for its Science programs. Can you tell us how that is working?

**Answer.** The Smithsonian Institution’s strategic plan “Science Matters” was the first strategic plan for all science at the Smithsonian, and has been catalytic in our approach to science. It clearly identified the Institution’s scientific competitive advantages and focused the research centers and science units on those key areas. It also facilitated and encouraged coordination and cooperation among Smithsonian science units to take full advantage of each unit’s particular expertise. The Institution has been pleased by the science collaboration that has ensued. Unfortunately, the plan came at a time of budget austerity and leadership focus on facilities infrastructure. Consequently, its impact in new initiatives has been limited.

In July 2006, the Science Executive Committee (SEC) held a retreat to assess the progress of the 149 goals that were identified in the Science Strategic Plan. The SEC determined that of those 149 goals, 11 were completed, 94 were in progress and on target for completion, 40 needed attention to stay on target, and four were no longer relevant. At the retreat, the SEC also identified its “Top 20” results on which they would focus in FY 2007 and FY 2008.

It is probable that a new strategic plan will be developed when the new Secretary starts in July.

**Tiaht Question 6.** There are several modest increases in the budget for research to address the decline in bird populations, climate change work and a new cheetah research center at Front Royal to name a few. Are we to assume these represent your highest research priorities and how do you ensure that some of this research is not duplicative of other Federal agencies?

**Answer.** These requested research-related increases are for the National Zoological Park (NZP). While there is a modest increase to provide animal care and oversee safety requirements at both the Rock Creek and Front Royal facilities, most of the increase for the National Zoo will address necessary pay needs in FY 2009. These research-related

activities support, enhance, and complement the science mission of the Institution, but the request does not increase base funding directly related to scientific research.

The Institution's overall FY 2009 science priorities are promoting:

- Question-driven scientific research to enable global forest monitoring to study the effects of global climate change; and, in partnerships with other research entities, develop the next generation telescope that will explore the origin and evolution of the universe
- Research infrastructure and tools to sustain the Institution's research competency, including internal seed grant programs, fellowships, and supporting research equipment

The Institution coordinates its science activities with other federal agencies and the private sector in many ways, including:

- Participation in many federal inter-agency committees and working groups (especially those under the Office of Science and Technology Policy/National Science and Technology Council structure)
- Invitations for administrative and scientific colleagues from federal agencies to planning meetings for Smithsonian activities
- Participation in planning activities in the broader scientific community, such as the decadal plans organized by the National Academy of Sciences in astronomy and the National Ecological Observatory Network organized by the National Science Foundation

## DIGITIZATION

**Tiaht Question 7.** You embarked some time back on an effort to digitize the Smithsonian collection so that the public can have access online. I also note that you have been given a very generous private gift from the MacArthur and Sloan Foundation to digitize the collection at Natural History Museum, I believe it's entitled *Encyclopedia of Life*. Can you tell us how both efforts are proceeding?

**Answer.** The Smithsonian's digitization efforts began in 1966 with the creation of electronic records documenting some of our collections. From 1978 to 1983 appropriations were used in a congressionally mandated inventory of the Institution's collections, which again increased the number of electronic records and provided inventory control. However, these efforts concentrated on the creation of electronic records, not digital images. Today approximately 13 million (10%) of the 136.9 million collection objects have electronic records, and 821,000 of these records have an associated digital image of varying quality and formats.

Simultaneous with the growth of the Internet, Smithsonian staff and resources available for digitization have declined in the Institution. Recognizing the disconnect between our digitization efforts and public expectations of virtual access, a pan-institutional Digitization Steering Committee was formed in 2006 to assess the state of digitization at the Smithsonian, examine recent progress, and plan for the future growth of digital assets. Based on the Committee's findings, in FY 2008, a Central Digitization Office, a department within the Office of the Chief Information Officer, was established with a single temporary staff position made possible by a one-time private donation. This Office will lead the development of a Pan-Institutional Digitization Strategic Plan, developing common standards, and providing focus to efforts which will enable the development and delivery of digital assets via the Web and other new media. Only limited progress will be possible without future increases in funding.

The MacArthur and Sloan Foundations have provided \$12.5 million to fund the development of the *Encyclopedia of Life* (EOL). Dr. Cristián Samper, Acting Secretary of the Smithsonian, is the Principal Investigator on these two grants, and the National Museum of Natural History hosts the Secretariat for the EOL.

The EOL is being developed by a consortium of five institutions: Smithsonian Institution, Field Museum of Natural History, Harvard University, Marine Biological Laboratory, and Missouri Botanical Garden.

The goal of the EOL is to develop freely available webpages containing information on all of the currently known species of plants, animals, and microorganisms on Earth. Since it is estimated that there are 1.8 million such species, the EOL will need to prepare 1.8 million webpages, each with key information about the species (scientific and common names, photos, description, ecology and distribution, relevance to humans, scientific literature, etc.). Smithsonian scientists will be contributing many of these pages.

The EOL was officially announced in May 2007. It opened its prototype Web portal ([www.eol.org](http://www.eol.org)) on February 26, 2008, with the first 30,000 pages. Later this year, the EOL will begin soliciting information from the general public to help flesh out these pages, making the EOL a unique collaboration between the scientific community and the public at large.

The Biodiversity Heritage Library (BHL) ([www.biodiversitylibrary.org](http://www.biodiversitylibrary.org)), itself a consortium of 10 of the world's largest natural history libraries, is also a member of the EOL. The goal of the BHL is to digitize and make freely available as much of member libraries' printed literature as copyright law will allow. The BHL has already digitized about 4 million pages. The Smithsonian Institution Libraries has provided about 285,000 of these pages and expect to digitize approximately 4.5 million pages by the end of 2009. The National Museum of Natural History also hosts the Secretariat for the BHL.

The grants from the MacArthur and Sloan Foundations will enable the establishment of the EOL, but long term maintenance and upgrades will need to be built into our base budgets.

#### **FIXED COSTS**

**Tiaht Question 8.** While your 09 request includes an overall increase of \$35 million it still leaves you \$6 million short of covering pay and fixed costs. Can you briefly tell us what decisions might have to be made to deal with the shortfall?

**Answer.** The Institution will absorb this shortfall in fixed costs by specific reductions, such as forgoing the purchase of replacement vehicles and desktop computers and conducting a hiring freeze.

#### **NATIONAL ZOOLOGICAL PARK**

**Tiaht Question 9.** The Committee has expressed concern over a number of years about a serious health and fire safety issue at the National Zoo. Can you bring us up to date on that situation?

**Answer.** With the designs funded in FY 2007 for fire-protection improvements and water main replacements at the Zoo, work is underway in FY 2008 to begin many critical projects. Design work continues in FY 2008, and the more than \$8 million in fire safety and suppression system work that is included in the FY 2009 request will be designed and ready to award by the last quarter of the FY 2008. Once this work is done, the Institution plans to move on to smoke evacuation systems.



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